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Authors submitting articles for consideration are requested to provide complete bibliographic details of the papers/books cited by them. This would greatly help our readers wishing to consult the cited works.

EDITORIAL

THE problem of decentralisation has been at the core of political philosophy and constitutional study throughout man's history of ideas. It is even at present a living concern—social and political—in our country and in many other parts of the world, both developed and developing. The intellectual roots may be diverse. The motivating factors may arise from different situations. But the debate and the demand for decentralisation are very much there. The epithet 'democratic' lends it even a more pronounced complexion though the underlying idea itself is that decentralisation is intrinsic to democracy. And the questioning about decentralisation is not confined to any one category of political system. Whatever the reality, the rhetoric of decentralisation transcends political boundaries. It has been commonly accepted that psychologically, if not always institutionally, decentralisation provides the necessary avenue to the individual citizen and the community for their genuine and maximum self-expression as well as contribution to the social good.

Though the desire for decentralisation seems to be almost universal. the concept does not evoke the same unanimity as regards its meaning, scope, significance, contents, or even limits. It means different things to different people. At times it acquires ideological overtones. The differing environmental factors have their own effect, be it as an idea or as an operating reality. The ecology, the history, the tradition, the political culture, the geographical spread, the compulsion of development, apart from the vision of the future, all go to condition both the thinking and the practice in the area. It may be neither necessary nor possible to go into the semantics of a definitional approach due to the constraint of space. It may, however, be worthwhile to point out that the concept of decentralisation is not an isolate. It is related to and contingent upon many other institutional factors. Decentralisation has to be interpreted in terms of area and geography, tasks and functions as well as inter- and intra-institutional relationships. The structure and strategy as well as the intellectual framework will comprise of many ingredients and components. Besides, new designs will naturally emerge with the changing requirements of the society. An element of flexibility or resilience is integral

to decentralisation. The clarity of the concept as well as its implications will depend very largely on the logic of the circumstances and that of the moment.

It cannot be gainsaid that decentralisation is a matter of perception, of expectations, and it, consequently, makes its own demands. No uniform intellectual, political or administrative models are possible. Very often, due to environmental constraints, the reality falls short of the ideal. Decentralisation, more so with its preface, implies political and administrative pluralism. It again becomes a question of the structure of authority, responsibility, and allocation of resources. It is a question of mutual relationship and overseeing or supervision. Decentralisation comes to reflect the opposing pulls and tendencies of a strong and authoritarian direction on one side and those of a volitional, participative approach on the other. Historically these apparently opposing forces have had their periods of ups and downs. Largely in the emerging countries like those of Africa, Latin America and even in Asia where nation building is the pressing imperative for the people newly liberated from the colonial rule, a strong and centralised administration is generally favoured as the needed panacea; in fact, even a military rule is often preferred in several countries where, perhaps, in the eyes of the elitist section of these countries, the risk otherwise is either a slip-back to the colonial rule or to the emergence of neo-colonialism. But, by and large, the forces and arguments for decentralisation have come up unmistakably to re-establish the values of human dignity and organisational accountability. All the social science disciplines have something or the other to say to rationalise the situation. Obviously, however, this is not to be viewed as a swing of the pendulum from collectivism to liberalism and vice versa. What is more, many have come to feel that with the advance of technology and the modernisation of social behavioural patterns, centralisation-decentralisation has ceased to be a matter of confrontation between two conflicting ideas. The rub lies in working out the details wherein the frictional interplay of forces makes their visible appearance and impact. More and more the two concepts are seen as fortifying each other with their respective and distinct spheres of importance. Also, in operational terms, decentralisation will gain roots and fructify only if the political environment is attuned to it. In our present Special Number we find a lively analysis of these manifold trends and tendencies of decentralisation.

Our aim, while selecting the broad theme of democratic decentralisation, has been to explore its philosophy, its institutional context, its historical evolution, its basic parameters and the future imperatives. Democratic decentralisation has organisational, structural, procedural and institutional implications apart from its larger philosophical and sociological motivations. Decentralisation has therefore to be distinguished from as well as related to the concepts of deconcentration, devolution, delegation, and dispersal in the

relevant political and administrative areas. In India, historically, the adoption of a federal polity signifies the harmonisation of the centrifugal and centripetal tendencies. The coming together of the then Indian States and the devolution of authority from the Central Government and conversion of the 'provinces' into 'States' exemplify this process. Earlier, the demand for greater provincial autonomy during the British regime was a plea for decentralisation of authority as well as resources to the provincial governments. It seems to have a contemporary ring in the current debate about the Centre-State relations. Even the plea for local self-government and the establishment of local bodies like panchayats, municipalities, taluk and district boards, etc., was a move towards decentralisation. Within the organisational structures and administrative patterns, there has been an angle to the problem of decentralisation in the interfacing with the citizen. The term gained greater currency in the country during the controversy on the alleged failure of the community. development programme and with the setting up of the panchayati raj institutions in the different parts of the country. It has acquired an immediate and contemporary relevance in the light of the report of the Asoka Mehta Committee on Panchayati Raj Institutions which has provided fresh food for thought and a new direction in this vital area. We propose to give not only a comprehensive summary of the report in our next issue but expect subsequently stimulating contributions on the Committee's approach, diagnosis and conclusions. Our intention in the present issue, however, is not to restrict ourselves to the discussion of panchayati raj only though a large number of articles have this focus.

Amritananda Das in his article, 'Decentralisation of Development Planning and Implementation', covers a wide ground. He makes the significant remark that "while desiring the benefits of decentralisation", we find ourselves "unable to accept the consequences of significant decentralisation". This intellectual dichotomy of reservation and acceptance, we feel, is only an elitist ritualistic homage to democratic planning and probably accounts for many tragic failures in the planning process. While planning has been traditionally associated with greater centralisation, in a country of continental dimensions and variety, it has been felt that only a decentralised approach would ensure realistic and purposeful meaning to our planning. After referring to the 'decentralised' critique of development planning, he specifies four crucial decentralisation issues and enumerates the tasks to which the community-level planning effort ought to be directed. He goes on to propound 'an agenda for decentralisation' or institutional reform which includes certain proposals for constitutional changes about some of which there may be an honest difference of opinion. It must be added that Das's 14-point agenda provides many significant points for discussion from a wider perspective, which, according to him, can "redirect the ongoing decentralisation debate from marginally significant issues to the basic questions."

V. Jagannadham brings out some of the important facets of decentralisation in administration. According to the author, it "requires one to review more or less the philosophy of intra-departmental and inter-governmental relations." He adds that "mere administrative decentralisation is not enough in a welfare state"; it must be preceded or accompanied by political decentralisation. We are aware of the strong feelings in the States against a plethora of Central schemes, especially in the social sector. He also rightly points out in the context of development planning and the social service state that decentralisation in administration "requires us to look at the polity and its capacity to manage the complexity generated by industrialisation and urbanisation". He refers to comparative cultures in relation to the problem of decentralisation and stresses the need to treat it as of fundamental value. It may, however, be said that the due weight attached to the 'instrumental' aspect will only ensure the much desired concretisation as a fundamental value. Thus approached, it ceases to be an administrative conundrum and the two aspects become self-reinforcing and mutually supportive.

K. Seshadri in his contribution on what he calls 'the unresolvable debate of centralisation versus decentralisation' refers to the views of a number of political writers as well as the socialist experience and talks of 'more decentralisation, less bureaucracy'. According to him a certain degree of centralisation is inevitable when the country has undertaken scientific and technological innovations and the setting up of heavy industry. He feels that "there is a certain fetish about villages and the farming communities that has usurped the label of Gandhism for itself and thus for 'rural development' and 'democratic decentralisation'." He does try to look at the process of development from the Marxian angle. While analysing the stratified, feudal, rural society, he goes on to observe: "A decentralised administrative machinery in a situation of this nature would only make the public services the private service of these classes, since the deprived will have no court of appeal against the rural kulak tyranny." We do find tensions and sectional feuds tearing at the integrity and cohesion we aspire for the village community. While there are other angles to the problem and one may not share all Seshadri's views and misgivings, there is an implied caution for policy makers and social scientists in his criticism of "singing the praise of decentralisation without understanding the society and its socio-economic development."

In their article V. Venkata Rao and Niru Hazarika trace the evolution of decentralisation as a constitutional, political and administrative process in the country in the last 150 years. Brief mention is made of all the important landmarks in this area during the British rule. After describing the salient features of the post-independence developments, they address themselves to a somewhat critical examination of the system and problems like government control of local bodies. In the opinion of the authors there is no genuine

decentralisation of powers and functions to local bodies. While they have a viewpoint here, probably much more rigorous analysis is called for before coming to such definitive conclusions. It also requires that the implications of the phrase 'democratic' with respect to the concept of decentralisation must be kept in view while examining the entire position.

V. Subramaniam tries to explore in a historical context "the rhetoric of decentralisation and the reality of centralisation." It may be useful to sum up the factors chiefly accountable for these conflicting pulls in the author's own words: "The rhetorical attachment to decentralisation in India flows mainly from three factors, namely, the heritage of British ideas about democracy, Gandhian ideas of the distribution of power and control, and thirdly ideas generated in connection with the establishment of panchayati raj and the efficient execution of economic plans at the village, district or regional level. On the other hand the compelling factors that support centralisation in the modern world are drawn from several mutually reinforcing sources. In the first place comes technology, working in three complementary ways, by conquering distance first, secondly by making execution more mechanised and thirdly by helping to process a mass of information through the computer and cybernetics. Next comes the compulsive history of all imperial conquests followed by nationalist liberation movements both of which concentrate decision-making power in a few hands. Thirdly comes the need for centralisation of economic planning which is intensified by the ruthless competitive nature of the world economy in the post-war decades. And lastly come the human tendencies classifiable under the rubric of the iron laws of oligarchy." We are of the view that it may not necessarily conform to realities to draw conclusions from certain political events which have complex origins and motivations. The author, however, makes a scholarly analysis of the historical forces. It would have been useful were he also to have simultaneously attempted some proposals for corrective action or for a more positive direction in accordance with his diagnosis. It is not enough to say that "the first requirement of effective decentralisation, to me, seems to be the disowning of the rhetoric." We do hope that the author would give further thought to the next steps in one of his future contributions.

C.V. Raghavulu and R. Ananda Rao present the Gandhian approach to decentralisation and its relevance. According to the authors "Gandhi's views on decentralisation stem from his concept of *swadeshi*." Probably, it may be equally relevant to say that it flows from his faith in human dignity and his view of man and society. The authors have referred to the four major assumptions on which the Gandhian model of decentralisation is based. The concept of *sarvodaya* and some alleged distortions have been analysed. Much has been written on Gandhiji's thinking on decentralised democracy. Eminent thinkers have quoted him, criticised him, supported him, and reinforced him from

different standpoints. Though so very tempting, one has to refrain from going into details on Gandhiji's contribution in the realm of social and economic thought. The authors pertinently suggest 'intervention and policy shifts' in three related areas, viz., voluntary organisations, education, and intermediate technology, with a view to give a more concrete shape to the Gandhian idea of decentralisation. For Gandhiji, we feel, decentralisation is not something mechanistic. For him, it is an attitude of mind, nay, a philosophy of life, which infuses glow and warmth to the ideal of democracy itself. Apart from Gandhiji, amongst Indian public men, Vinoba Bhave, M.N. Roy, Ram Manohar Lohia and Jayaprakash Narayan, have written extensively and with experience, feeling and passion, about the implications of and the need for decentralisation in political life, economic system and administrative pattern. It will be interesting if a scholarly and comparative study of their viewpoints is made in the light of our conditions today and the needs of tomorrow.

Decentralisation as a new philosophy of corporate life is the principal argument of M.A. Muttalib. He refers to its ethical roots in democracy. He makes an analysis of the allied concepts or variants like deconcentration, devolution as well as delegation. This provides clarity for the sake of conceptual thinking. He gives an interesting framework of centralisation-decentralisation equilibrium where the two are not 'antipathic but complementary categories'. He also tries to identify the facets, elements and forms of decentralisation and places them in the background of accountability. He points out that the public enterprises are rooted in the desire for decentralisation. Muttalib rightly says that "decentralisation is a corollary of democracy when it penetrates corporate life. It provides a philosophy for the exercise of authority in a democratic way in an organisation, public or private, commercial or non-commercial." Some of the ideas thrown up by the author merit further academic study.

Democratic decentralisation has come to be associated by the very nature of things with rural development and panchayati raj. The earlier variants of community development and national extension service were also motivated by the quest for institutional decentralisation in order to lend both realism and stability to the efforts at socio-economic change. Henry Maddick in his scholarly contribution has not only laid bare the interstices of panchayati raj but has tried to answer as to how panchayati raj can be made to become the agency for integrated rural development. The prime requisite, according to Maddick, is the political will. From the functional, organisational, administrative and procedural angle he has worked out almost a blueprint with perception and prescience. His approach is both task-focused and group-focused. We think that this article may be useful when thinking and decision-making processes are initiated to give a new momentum and a

new ethos to the panchayati raj and what it is expected to achieve in the field of integrated rural development in the light of the report of the Asoka Mehta Committee.

In a comprehensive paper P.C. Mathur attempts "to provide a panoramic overview of the progress and problems of panchayati rai institutions in a few selected States and Union Territories in India so that the local as well as national policy makers may form an idea about: (i) the changes that have already taken place or are under way, (ii) the choices available to them with regard to institutional innovations and/or structural reforms, and (iii) the chances of the successful implementation of the various policies and proposals in view of the still prevailing political resistance to substantial devolution of powers, functions and resources." His analysis of conceptual issues and institutional reforms and of the political overtones of panchayati raj administration is particularly revealing. B. Hooja projects panchayati raj and democratic decentralisation not as two sides of the same coin but as "two different currencies or concepts, being used in the same context, but for two different purposes." His analysis takes note of the ideas of Gandhi and Nehru and is based mainly on historical developments and relevant official documents and reports. Shiviah presents a developmental perspective of decentralisation and panchayati raj. In terms of politico-administrative theory and conceptual insight into the problems of development, he attempts to locate the inadequacies and the points of strength of panchayati raj. He indicates as to how the modernising potential of the system can be effectively built up. He aptly remarks that "instead of asking centralisation or decentralisation, we should ask what is the appropriate mix between centralisation and decentralisation so that the objective of a higher standard of living with quality of life is achieved as effectively as possible."

Mohit Bhattacharya in his article highlights some conceptual issues of decentralisation, be it as "an aspect of intra-organisational differentiation" or "approached from the point of view of organisational decision-making". Using the relevant management literature, he classifies the approaches to the concept into four—the doctrinal, the political, the administrative and the dual-role (area-function). He goes on to point out as to how decentralisation can be viewed from the angle of the individual's enrichment, improved organisational performance and search for alternatives to bureaucratic models. Rakesh Hooja looks upon the grievance redressal aspect of decentralisation at the district level and below. His analysis is based on his study of the problem in Rajasthan. N.H. Atthreya's note purports to project a citizen's point of view about decentralisation in administration. This is an important area which we have explored at some length in one of our earliar Special Numbers, 'Citizen and Administration'. D.D. Malhotra examines the Tanzanian situation as a case study of decentralisation strategy for nation-building and development—the

two prime needs of most of the emerging countries of the third world. From the viewpoint of rural planning and implementation the role of the village bureaucracy and its perception assumes added significance. N. Umapathy gives us a critical assessment of the village officer in Andhra Pradesh. The picture will not be very different elsewhere—a matter of concern and for constructive action in a scientific manner.

S. Jambunathan in his note on decentralisation underscores the importance of delegation, drawing on some administrative experiments and is of the view that "in terms of crisis management there is no substitute for decentralisation". M.K. Balachandran presents an analysis of the Kerala District Administration Bill, 1978 which provides for a directly elected district council with elected president as its executive head. S.K. Sharma, in his contribution, dwells at some length on the village cluster development programme as a facet of administrative decentralisation in Punjab. This is an experiment worth watching as is the innovative scheme of antyodaya pioneered by the Rajasthan Government and now being adapted and introduced by some other States as an integral component of their overall rural development programme.

Kamal Nayan Kabra explores the conceptual dimensions of the theme and provides some stimulating perspectives for discussion. C.P. Bhambhri is equally stimulating in his analysis of the implications of capitalism and its contribution to centralism.

Financial decentralisation is an important aspect of administrative decentralisation. Unless the powers and responsibilities are adequately supported and matched by resources, no model of administrative decentralisation can be expected to be successful. Since the very beginning the inadequacy of financial resources has been the Achilles heel of the local bodies. Much of the bad odour of inefficiency of the local government could be attributed to this single factor. M.J.K. Thavaraj in his article makes a broad survey of the financial position of the local governments in the country—both at the level of the panchayati raj institutions and of the municipal bodies. The author also analyses the concomitant problem of budgeting, maintenance of accounts and audit of the local government institutions. This is an area where policy decisions must keep with our aspirations and needs and if local government is to develop, broaden, deepen and stabilise itself.

Democratic decentralisation in the functional areas brings out the points which necessitate sustained attention. We are aware of the talk of rural industrialisation, growth centres, transfer of technology, dispersal of industry to the villages, and so on. Ram K. Vepa describes the main features of the new experiment in decentralisation, viz., the scheme of the district industries centre. He examines the programme, its employment orientation, administrative

framework and comparative advantages as also the many problems that are likely to arise and how a coordinated approach at the local level is expected to tackle them. The scheme is an innovative one with great promise. The need is to ensure from the very inception that the incipient vested interests are contained and that the politics of the programme does not vitiate its economics since the cost-benefit calculus is to prevail in the long run. We must also see that the uniformity of pattern does not acquire such rigidity that the States only 'fall in line' and the local variations, geographical conditions, etc., are relegated to the background. The monitoring and feedback must be built in the programme itself so that remedial action is possible before the experiment begins to show any symptoms of decay.

N.R. Inamdar takes up the parameters of decentralisation in university administration. The academic world is a sensitive one. As it is the society that ultimately sustains and supports the universities, their contribution to society and their working are in no way matters of insignificant concern to the society. This is all the more important as a developing society means the continuing growth of institutions of higher learning and research. The author touches upon the network of relationships, both vertical and horizontal, the special features of the decentralised set-up in the universities, the executives and authorities, the committee system, the administrative machinery, etc. He also draws pointed attention to the necessary safeguards so that decentralisation in the field of university administration serves its real purpose. Inamdar has drawn attention to certain issues in this area of intellectual endeavour and administrative functioning which ought to be pursued scientifically with a view to improve university administration and provide academic excellence.

The need for self introspection and the anxiety to know the future direction become part of the organisational effectiveness and human sensitivity. It gives time to pause and ponder so as to strike new pathways and have a clearer perception of the destination. This is the systems approach to any social problem. Krishna Haldipur raises the question: Whither decentralisation? It is particularly so, as according to the author, "one of the attempts at galvanising the human potential has been that of democratic decentralisation". The author makes mention of the 'yawning credibility gap' in the panchavati raj, the strong vested interests, the marginal involvement of the people for the sake of appearance, etc. She goes on to list the six major ingredients, "viz., (i) resources like land, water and infrastructure, (ii) investment, (iii) technology, (iv) an integrated delivery system, (v) administration and extension, and, last but not the least, (vi) an integrated polity, where the warp and woof of the social fabric are mutually supportive and not strewn with structural contradictions", and, according to the author, "if they are taken together, they bring about a change in the rural scene."

She makes a strong plea that decentralisation should not be looked upon as a mere mechanical device and thus dilute its value, but more as a faith. She draws attention of the role of the elite and the privileged to "organise and 'conscientise' the people." It is good to repeat her fervent appeal: "Decentralisation, whatever form it takes, is inevitable and necessary to ensure that planning is done at the grassroot level and that justice is meted out promptly and immediately and that fruits of development reach all, particularly the deprived sections of the population". This is the human and social face of decentralisation.

Decentralisation, looked at from a wider angle, acquires a political, constitutional, institutional and psychological significance. It is not just a question of organisational and administrative structure. Only if all the aspects get woven into a pattern will decentralisation, in the real sense, be effective. Unless decentralisation as an attitude of mind and approach pervades the system, the centralising tendencies will gather strength. Decentralisation can also effectively contribute to the projects and programmes of area planning and the regional balanced development. The epithet 'democratic' goes to reinforce what decentralisation stands for. It requires the internalisation of democratic values. While there is debate about decentralisation being of 'instrumental' or 'fundamental' value, one feels that it is vitally concerned with the distributive values—the concern for the small man, his quality of life and how far he can genuinely be the participant and beneficiary. That is the relevance of small scale production, closely knit human settlements, planning from below, the grassroot and area approach, local participation, maximisation of local resources, simplification of rules and procedures, etc., Decentralisation is expected to facilitate speedy identification of the field problems and the working out of the requisite solutions. People have at times expressed misgivings about the decentralised approach in a technology-oriented society. It should not be construed as a throwback to the past; it is the experience of the stresses and strains of a society with a highly sophisticated technology which spells out the need for a decentralised way of life and working.

Through decentralisation we tend to humanise administration and harness the enthusiasm and energy of the community. It will be wrong to equate decentralisation with parochial localism or tribalism. It stands for a more vibrant and healthy network of interpersonal as well as societal relationships. It is the spirit of decentralisation that is vital and not its formal garb or ritualistic homage. As regards its form, shape or structure, there is a wide range of possibilities or choices where the firm political judgement will have to exercise its selectivity in accordance with the needs and environmental conditions. That is why the limits of decentralisation must be appreciated in a particular context so that it does not degenerate into the amorphousness or abdication of responsibility. Decentralisation does not imply the want of

purposive coordination or integration in the pursuit of the common objectives. Decentralisation signifies the quest for a participative and community approach and the epithet 'democratic' is not redundant but only reinforces and underlines the democratic values, purposes, approach and style in the different sectors of economy, administration and society. The concept of democratic decentralisation will assign a very important place and role to the diverse kinds of voluntary organisations not by way of condescension and patronage but as a significant component of the totality of our functioning. The psychological dimension of the problem is of paramount importance. Neither myth making and romanticization nor the unthinking belief and formalism but a cool and rational analysis of the compulsions and the various aspects and parameters of democratic decentralisation as an idea and as an ideal will alone provide it the necessary sustenance. Similarly negative criticism and cynicism will be of no avail. Decentralisation can be the source of good administration, the instrument of sound management, the vehicle of development and the symbol of democracy. But the guardian of these norms, values, commitments, expectations, proprieties and aspirations ultimately will be the vigilance of the informed public opinion and the intensity of the pressure from the people in general.

In this Special Number, besides the book reviews, we have included some valuable documents. The books reviewed are, as in our Special Number on Police Administration, on the theme—directly concerned with or near to decentralisation and local government problems. Among the documents, there is an extract from the report of the Royal Commission on Decentralisation, 1909. While the terms of reference to this Commission were comprehensive and included centre-provincial relations, as then known, and relations between the provincial governments and their officers, the Commission dealt at considerable length with village organisation and local self-government. Following, we have reproduced a portion dealing with 'Participation and Representation of the People', which, in fact, is one of the important reasons for decentralisation after all. It not only adds to the dignity of the individual but goes to confirm the vitality of the schemes and programmes at the grassroot level. We have a country report on local government in India, its evolution and functions, prepared for a U.N. seminar in 1964. The structure and functional relations of the different organisations in the local government set-up has been elaborated here. We have included the chapter on 'Planning Machinery' from the report of the Dantwala Committee, 1978 that had been set-up by the Planning Commission. Besides the terms of reference, we have included the chapter on 'Administration of Panchayati Raj Institutions' from the report of the Asoka Mehta Committee. As said earlier, the documents not only highlight some of the important issues relevant to our theme but also go to show how some of our problems continue to persist over a period of time and cannot be resolved without bold and

imaginative policy initiatives, scientifically programmed innovations and well-conceived institutional arrangements.

We are deeply indebted to our distinguished contributors for their valuable support. We will like to thank Mohinder Singh and R.N. Sharma for preparing a select bibliography on the subject which will be of use to those interested in the further study of any aspect of the main theme.

We would be failing in our duty if we do not express our profound sense of gratitude to the members of IIPA and to our readers whose encouragement, appreciation and guidance have been all along with us as a source of inspiration and moral strength. Some of the facets and issues which are either of core or peripheral interest to the Special Number on democratic decentralisation have been dealt with in some of our previous Special Numbers such as those relating to panchayati raj, multi-level planning, development of backward areas, citizen and administration, among others. We trust that the present Special Number will be of considerable interest to our distinguished readers despite some of the limitations and inadequacies of coverage of which we are conscious. It will be our continuing endeavour to see that we publish, in future, articles on the aspects and areas of the theme of democratic decentralisation which remain unexplored. As the subject is of contemporary relevance and interest our humble effort may, we feel, add to the dialogue in clarifying the issues.

We are happy to say that to mark the commencement of the Silver Jubilee Year of IIPA, and as our contribution, we decided to bring out our January-March issue exclusively devoted to Police Administration. In a way, for the first time, we have succeeded in bringing out two Special Numbers this year. It gives us considerable gratification to find that this has been widely commended. In our future planning for 'theme' or 'special' numbers, we stand to benefit greatly from the suggestions made by our readers.

-EDITOR

Decentralisation of Development Planning and Implementation

Amritananda Das

THERE is widespread agreement about the need for effective steps to secure the decentralisation of the development planning and plan implementation set-up in India. Yet confusion continues to reign concerning the nature of the practical measures through which such decentralisation is expected to be realised.

The fundamental reason for this confusion lies in the realm of the philosophy of development planning. The type of development tasks that can be effectively handled by a centralised regime of planning and plan implementation differs radically from the kind of developmental activity that can be adequately tackled by a decentralised regime. Consequently, effective and meaningful decentralisation of an existing centralised planning and implementation regime is possible only in the context of a parallel fundamental shift in the philosophy of development planning.

The confusion in the minds of most Indian proponents of decentralisation in development planning arises from the fact that they are seeking to achieve the benefits of decentralisation without giving up centralist philosophies of development planning. Thus, while desiring the benefits of decentralisation, they find themselves unable to accept the consequences of significant decentralisation.

The present paper attempts to identify the necessary changes in the philosophy of development planning without which meaningful steps towards the decentralisation of the development planning and plan implementation regime cannot possibly be taken. This would enable the identification of the truly fundamental ideological issues of contemporary decentralisation debates.

It will be useful to start with a number of preliminary remarks designed to clarify the conceptual apparatus used in this paper. This is necessary since conceptual/terminological precision is essential for any discussion of ideological/philosophical alternatives,

It is important to note that a development planning and implementation regime must inevitably be a complex multilinear and multilevel system. It is, therefore, not very illuminating to apply the concept pair 'centralised' decentralised' to the planning and implementation regime as a whole. Rather, centralisation-versus-decentralisation issues can be meaningfully discussed only on the basis of an identified line-level referent.

Broadly speaking the most important 'referents' figuring in contemporary Indian discussion regarding the decentralisation of the development planning regime are the following:

- (a) The relationship between national level and State level development planning.
- (b) The relationship between national and State level planning and area-planning at the district or block levels.
- (c) The relationship between official processes of planning-from-above and the community-level planning-from-below by local self-government agencies.
- (d) The relationship between aggregative economic planning (at national or State levels) and the management of publicly-owned enterprises.
- (e) The distribution of decision powers between upper and lower ranks of (national and State) bureaucracies involved in planning and plan implementation.

At this point it is important to appreciate the distinction between decentralisation properly so-called and the devolution of decision authority in a hierarchical organisation. We shall be speaking of 'decentralisation' when lower ranking decision units within a hierarchy acquire greater control over the process by which their goals and targets are determined. We shall speak of 'devolution' when lower ranking functionaries within a bureaucracy acquire greater autonomy over methods of goal-attainment as distinct from the determination of policy-goals. Quite obviously, therefore, the discussions regarding the distribution of decision-authority in development bureaucracies is a problem of 'devolution' whereas the others are genuine examples of 'decentralisation' problems.

The distinction between devolution and decentralisation problems is important because the former are essentially related to questions of pragmatic efficiency and can be dealt with by standard techniques of

organisational design. Problems of decentralisation on the other hand are basically ideological rather than pragmatic in character.

The basic ideological issue involved in any genuine problem of decentralisation is concerned with the degree of uniformity (or uncontrolled variation) that is desirable in the behaviour of the smaller/lower-ranking units. To the extent meaningful decentralisation takes place, the more central unit loses some degree of control on the behaviour of the less central units and consequently there is an increased chance of random variations in the behaviour of the less central units. At the same time, however, the less central units acquire a greater chance of more perfect adaptation to the local environments in which they function. Thus the positive dimension of decentralisation is the greater adaptability to varying local conditions, whereas the negative dimension is the greater degree of variation in the behaviour of local units as seen from the point of view of the central unit which is naturally interested in the uniform administration of a single behaviour-pattern (policy) through the range of local units.

Whether or not greater adaptability to local environments is worth the loss of uniformity of policy over a wide range of local environments can never be completely reduced to pragmatic questions. For example, if the overall development target is to provide the *same* minimum standard of drinking water supply to all villages in India, a centralised planning and administration system is called for. However, if the target is to encourage each local cluster of villages to meet their *own perceptions of drinking water needs through locally optimal arrangements*, a decentralised system alone is suitable. Clearly the preference as between these two alternative conceptions of development targets is basically ideological rather than pragmatic.

From the foregoing it should also be clear that no rational thinker can be totally consistent in his preferences as to the superiority of centralisation or decentralisation on every issue. Rather, his decisions would be governed by the situations in which he prefers uniformity of policy at the cost of reduced adaptability to local environments (where he would be a centralist) and the situations in which he would prefer local adaptability at the cost of policy uniformity over a wide range of local units (where he would be a decentraliser). Nonetheless it remains true that an individual's development philosophy may be identified as basically centralist or basically decentralist. The first is usually the case when his conceptions of the most important development tasks are such that centralist solutions look most appropriate. The decentralist philosophic position, on the other hand, arises when importance is accorded to those developmental tasks for which a decentralised approach is more appropriate.

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THE DECENTRALIST PHILOSOPHY OF DEVELOPMENT PLANNING

The main components of the decentralist philosophy of development planning are three. First, there is the 'communitarian' component which perceives the strengthening of autonomous local self-government institutions as a basic social value. Secondly, there is the 'libertarian' component which emphasises the psychological alienation of individuals when faced by large-scale anonymous institutions and mechanistic rule-bound functionaries. From this point of view there is a positive value in avoidance of centralist solutions to development problems. Finally, there is the 'appropriate technology' component which consists in a preference for technologies responsive to local variations of need-resource profiles and cast on a 'human' scale. From this point of view development programmes introducing large-scale technologies negligent of local need-resource situations, cultural values and human characteristics appear as evils to be avoided as far as feasible.

Starting from the above-described ambience it is fairly easy to develop a trenchant critique of ruling centralist ideologies of development planning. In mounting the attack the decentralist has one important advantage. He can point to the undesirable consequences of the practice of centralist development philosophies (since this has been the only kind of philosophy on which development planning regimes have been based), whereas the centralist cannot point to practical examples of the undesirable consequence of decentralist approaches for the very simple reason that such philosophies have not so far been taken up as the basis of development planning regimes.

However, let us concentrate on the main lines of the decentralist attack on ruling philosophies of development planning:

- (a) Centralist development philosophy is elitist in character and its practice leads both to the concentration of political power in the hands of bureaucracies and to the economic ruin of the poorer and less-privileged sections of the community. Development planning which emphasises centralised investment in heavy industries and the creation of giant-sized units of physical infrastructure tends, as a rule, to make the rich richer and the poor poorer.
- (b) Centralist solutions to development problems are basically imperfect because they require a centralised bureaucratic implementation. As such they function apart and away from the people and cannot secure their voluntary and dynamic participation. Since a number of crucial development tasks essentially require broadbased mass participation (e.g., population control, functional literacy, development of cooperative credit institutions, the adoption of new farming technologies, improvement of rural health standards, etc.), a centralist approach to development planning inevitably fails in the task of genuinely improving the lot of ordinary people.

- (c) The inevitable failure of centralist development planning to secure the cooperation of the people and the resultant failure to tackle a broad range of crucial development problems leads, after a time, to the adoption of political totalitarianism as a method to coerce the people whose voluntary cooperation the regime has failed to secure. Centralist development planning. therefore, contains the seeds of political totalitarianism.
- (d) The real determinants of human welfare are constituted by: (a) the extent to which local communities acquire the status of well-integrated selfgoverning units, (b) the degree to which people can secure an adequate livelihood through self-employment without uprooting themselves from the communities in which they were born or subordinating themselves to giant faceless organisations, (c) the degree to which local, social and cultural traditions are preserved and provide the individual with identity and continuity and protect him from future shock, and (d) the extent to which the local ecological balance and environmental values can be protected against the inroads of modern technology gone mad. Clearly centralist development planning is worse than useless in attaining and preserving these crucial values. Only decentralised development planning offers a chance for progress in terms of the true determinants of human welfare.

There is no doubt that the above critique makes a strong impression. Even more significantly it offers a convenient and convincing criticism of Indian development planning and plan implementation in the Nehru-Indira era. Consequently, it is not surprising that the emergence of Janata rule has been marked by an increased dominance of the decentralist development philosophy and that the importance of a decentralisation of the economic planning and plan implementation regime is being so widely recommended.

DECENTRALISM AND PRACTICAL PROBLEMS OF DECENTRALISATION

Unfortunately it is extremely difficult to relate the decentralist philosophy of development planning to any of the practical issues of the contemporary Indian controversies on centralisation-versus-decentralisation. This is so because the practical issues uppermost in contemporary debates relate to questions of minor and partial reforms of a centralist planning and plan implementation regime. As such it is very difficult to bring the principles of the decentralist development philosophy to bear upon them. The truth of the above remarks can be established by briefly reviewing the contemporary centralisation/decentralisation controversies.

Let us start with the Centre-versus-States issue. From the point of view of the decentralist philosophy of development this relates to an unimportant and non-essential aspect of the planning and implementation regime.

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Whether the State-level clites or the Centre-level clites become stronger, is hardly likely to affect the clitist character of development strategies and administrative methods. As far as the decentralist is concerned, both Centre-level and State-level planning represents planning from above through hierarchically-organised bureaucracies. The inter-clite power struggle, however resolved, is of little significance in modifying those features of centralism in the development planning and implementation regimes which the decentralist finds most objectionable.

To the decentralist thinker the really important issue does not relate to the division of power between the States and the Centre. It relates rather to the size of the State units. Considerable practical gains from the decentralist point of view are likely to result if the size of the State units could be reduced to those of contemporary districts. Elected assemblies at the district level, if they enjoyed powers comparable to those of the present-day States, would become more sensitive to local welfare/development issues and (because of the lower scale at which they would operate) will have to concentrate on smaller-scale investments and decentralist solutions to development problems.

Smaller-sized States would also have to pay greater notice to the agencies of community level local self-government for the simple reason that their mutual size and importance relationships would be radically altered. Indeed, under such an eventuality, it may even be feasible to reconstitute the States into federal units of local self-government agencies. This would give much greater scope to effective planning-from-below and significantly improve the chances for participation and collaboration of the people in determining the character of development policies.

Paradoxically, however, the reduction in the size of State units (which the decentralist finds so attractive) will actually alter the distribution of power as between the Centre and State planners in favour of the Centre. Given the smaller size and the spending scale of the States it becomes rather obvious that they would no longer be in a position to tackle a fairly large number of problems. In the first place, the district-sized State units cannot be expected to own or manage large-scale industrial enterprises. Secondly, the town planning functions of major ports, large-scale internal transport nodes and industrial agglomerations would have to be turned over to the Centre. Thirdly, large-scale irrigation and power development projects would pass beyond the scale of district sized States and will have to be exclusively the business of the Centre and so would the planning of long distance roads and transport developments. Consequently, as far as the relationship between the Centre and the State levels of the development planning regime is concerned, the decentralist philosophy leads to the recommendation of a greater degree of centralism

However sensible and significant all this might be, it has little relevance to the current Centre-versus-States power struggle. The only relevant question in this debate is whether some of the functions of a centralised planning and implementation regime should or should not be devolved from the top to the next-from-top rank of the regime. To the resolution of such questions the general philosophy of decentralised development planning has nothing to contribute.

Let us turn next to the question of the relationship between State-level planning and area-planning activities at the district and block levels. Clearly, area-planning activities at district and block levels are closer to the heart of decentralist thinkers and they would prefer an increased weightage given to block and district level plans as against State-level planning. Unfortunately, a greater degree of emphasis on district and block level planning will not (under the current practical circumstances) represent a genuine gain from the point of view of the decentralist philosophy of development.

At this point it is worthwhile introducing the critical distinction between centralist planning at small-unit level and truly decentralised planning. The first represents an attempt by centralist planners to achieve closer and more effective control of local environments. The second a genuine increase in the autonomy of local units vis-a-vis Central planners. As currently visualised, the increased emphasis on district and block level planning represents a trend of the first type.

Let us note that the area planning organisations at district and block levels would be parts of the State planning bureaucracy. Further, the priorities they would take into account would be played down by the State-level planners and the planning process would be mainly concerned with the identification of development projects to be financed by nationalised banks and State-level grants. Given such a set-up, district and block-level planning can at best lead to greater detail in planning and a more precise identification of smaller-scale projects. It may also marginally increase the weightage of small-scale employment oriented projects in the investment allocations of State-level plans. It will not, however, lead to any genuine decentralisation in the sense of greater autonomy of the people at district or block levels to determine the kind of development future they would prefer to choose. Neither would the agencies of local self-government acquire greater powers of decision or resource command. Rather, detailed planning from above at the district or block level will tend to decrease the autonomy of agencies of local self-government.

The extension of a centralist planning regime to issues of detailed planning at small-area-unit level (which is what the current emphasis on district 564 AMRITANANDA DAS

and block level planning actually represents) will not be appreciated as a genuine gain by sincere adherents to the philosophy of decentralist development. Things might have been different if there had been a simultaneous changeover to district-sized States so that the State planning regime itself had been made more appropriate to decentralist ideals. In the absence of such a possibility, an increased weightage to district and block level area planning activities will not be perceived as a gain from the decentralist point of view.

Neither does the decentralist line of thinking have anything significant to contribute to the relationship between official planning and the managements of publicly owned large enterprises. Indeed, to the extent that management autonomy of large public enterprises tends to bring their behaviour patterns closer to those of the private sector large enterprises, the decentralist is likely to perceive this as a threat. Such a trend is likely to render such enterprises more prone towards irresponsible behaviour with respect to ecological and environmental values and with respect to the interests of local human-scale economic activities.

Over the broad range of contemporary problems of the centralisation-versus-decentralisation type, therefore, the decentralist philosophy of development planning has either nothing relevant to contribute or is definitely opposed to current pseudo-decentralist recommendations. From its viewpoint the really crucial decentralisation problems are being actually sidestepped in contemporary debates on decentralisation.

THE CRUCIAL DECENTRALISATION ISSUES

What, then, are the crucial decentralisation issues which are being neglected or sidestepped? Specifically, they are the following:

- (a) How can the agencies of local self-government be enabled to function as planning and plan implementation units enjoying reasonable autonomy with respect to centralist planning from above?
- (b) How can community level planning and plan implementation efforts be directed towards the build up of local socio-infrastructural systems and the promotion of community based self-employment opportunities?
- (c) How can centralist investment planning and administration be prevented from carelessly destroying local ecologies, environments and socio-cultural continuity?
- (d) How can the irreducible minimum of centralised development planning and administration be so designed as to help rather than hinder the community level planning of local self-government agencies?

The answers to the above questions would determine the nature of the programme for truly effective decentralisation of the existing planning and plan implementation regime.

Perceptive readers will immediately recognise the four issues raised above as the central issues of the Gandhian philosophy of economic reconstruction in India, recast in modern terminology. It will prove useful to digress briefly to consider how Gandhi himself visualised the solutions to these four crucial problems. While the Gandhian solutions are naturally both incomplete and imperfect, they represent still the best starting points for meaningful discussion of the problems involved.

THE GANDHIAN APPROACH

Let us briefly summarise the salient points of the Gandhian approach. To start with, it should be clear that the Gandhian approach involves a basic distinction between phenomena characteristic of the western industrial civilisation (e.g., large industrial enterprises, large-scale transportation systems, large industrial townships, ports, administrative centres and metropolises) and the phenomena characteristic of the pre-western Indian way-of-life (village communities, traditional handicraft industries, village-exchangesystems, local land-water-utilisation systems, the community-integrating religio-cultural institutions, etc.). Gandhi is for a pattern of developmental planning which regards the preservation, strengthening and creative reform of institutions and arrangements of the latter class as the basic objective and accepts the phenomena of 'modernism' only to the extent that they can positively contribute to development of the institutions and arrangements Gandhi is primarily interested in.

In terms of planning regimes this involves an interesting duality of approach. As far as the development of village communities and its supporting socio-economic institutions are concerned, this is to be achieved through planning from below by autonomous agencies of local self-government. As far as the development of cities and modern industrial/infrastructural activities are concerned, they are to be subjected to strict centralist planning and administration so that they can be subordinated to and made instruments of the process of socio-economic reconstruction of rural India.

Starting from these fundamental principles it is possible to develop the outlines of a development planning and implementation regime consistent with the Gandhian ideals. We shall briefly examine the major features of the system.

For rural areas there would be a three-tier structure of local self-government agencies at village cluster, block and district levels, organised on direct democratic principles at the bottom rank and on indirect representation principles for higher tiers.

There will be a national government composed of representatives from the district level units, as well as representatives from large urban units. This national government would be in charge of a centralist regime of planning relating to large industrial units, large infrastructures and the area planning of urban units.

The community-level planning efforts will relate to the following basic development tasks:

- (a) The creation of sufficient locally-based self-employment opportunities in order to attain full utilisation of the local reserve of labour power excluding those employed in the centralised sector of the economy.
- (b) The creation and development of locally-based and community integrated institutions for water supply, sanitation, primary and secondary education, recreation and community level cultural activities.
- (c) The production and disposal of a local production surplus sufficient to pay for the imports of raw materials, capital goods and use of large-scale infrastructural services from the centralised/modern sector.

The centralised planning regime would primarily relate to the following development tasks:

- (a) The development of large-scale industrial units for supplying the village communities with raw materials, capital goods and other intermediate products.
- (b) The laying down and maintenance of large-scale infrastructure (irrigation, power grids, transport systems) for facilitating the development of village communities and their interactions with the centralised/modern sector of the economy.
- (c) The planned and limited development of urban areas, ports and industrial agglomerations.
- (d) The establishment and running of nationwide systems of cooperative trade, credit and technical extension for the development and promotion of household industries and other self-employment activities.

The implementing agencies of the central planning regime will extend

down to the district level. Below this, all implementational activities would be the responsibility of the local self-government system. Coordination of the two sub-regimes of planning will take place at the district level. The organs of the centralised planning sub-regime would work out the programmes for large-scale industry and large-scale infrastructure development for each district and the district system of self-government agencies, their plan for the utilisation of the opportunities provided through centralised planning in terms of their own community-level programmes. The interaction at the level of district planning would serve to alert the central planners as to the exact nature of development-support needs of the district self-government agency system and to make the district self-government systems aware of the broad directions of national-level planning into which they will have to fit.

A planning regime of the above type would represent an ideal approximation to the target of decentralised economic/social planning. It must be recognised that the immediate attainment of this ideal is not feasible. It is also likely that even a gradual progress towards such an ideal regime would be attended with practical difficulties and require rethinking at several specific points. Nonetheless, the picture of the ideal decentralist planning regime developed above can serve to identify the broad directions of decentralising change desirable from the point of view of a decentralist philosophy of development.

AN AGENDA FOR DECENTRALISERS

We are now in a position to spell out an agenda of institutional reforms necessary for effective decentralisation of the planning and plan implementation regime in India. This agenda for decentralisers can be spelt out as follows:

Effective decentralisation of planning and plan implementation regimes will require, in the first place, a number of changes in the political constitution of the Indian Union. This constitutional reform programme constitutes the first five points of the agenda for decentralisers.

- (a) State parliaments should be abolished. The constitutional powers of the present State parliaments should be transferred to district-sized units.
- (b) The district-sized basic democratic units should be organised on a three-tier federal principle with direct elections to the first tier and indirect elections thereafter.
- (c) It will be preferable but not essential to elect the Union Parliament by indirect election from the district-sized basic democratic units and their

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counterpart elective institutions of urban self-government which would have a similar three-tier structure of neighbourhood-district-town levels.

- (d) A new finance commission should be established to recommend the principles of allocation of public revenues as between the central government and the district sized basic democratic units and counterpart urban self-government authorities.
- (e) There should be a commission to restructure the distribution of legislative/administrative authority as between the central government on the one hand and the basic democratic units and their urban counterparts.

A number of important changes are required also in the structure of the planning regime itself. This programme for reform of the planning regime constitutes the next four points of the agenda for decentralisers.

- (f) The National Planning Commission's scope will have to be suitably redefined. On the one hand the Commission's brief should be extended to cover really detailed planning of all large scale publicly owned industrial units and large scale infrastructure agencies. On the other hand the Commission should shift to purely indicative planning of activities controlled by the basic democratic units. For example, the national level planning of agricultural activity should be reduced to the planning of fertiliser/pesticide/seed supplies, agricultural marketing, technical extension and large scale irrigation. Such plans should be built up from the support-needs of basic democratic units by indicative planning methods.
- (g) The district level units of the national planning regime would be designed to provide information to the planning wings of the basic democratic units about the development opportunities that have been decided to be provided to the unit from the part of the centralised planning regime. The planning organisation of the basic democratic unit (or its urban counterpart) will provide the central planning regime representatives with information about the manner in which it proposes to utilise the opportunities provided and the programmes it proposes to undertake on an autonomous basis.
- (h) The information flows from the basic democratic units (and their urban counterparts), collected at the district level would be coordinated and processed to generate the people's plan for development on a three years rolling plan framework. This plan (produced by planning-from-below methods) will provide the basis for indicative projection from which the national central plan would be worked out on a five-year rolling plan model.
 - (i) The national people's plan for development will deal basically with

community development aspects, as well as with community based production, social service and labour utilisation plans. The primary responsibility of the anti-poverty programme would thus devolve on the decentralised part of the planning regime. The national central plan, on the other hand, would be concerned with large scale industry and infrastructure and urban development components.

Finally, a number of measures would be necessary to develop a suitable administrative structure for implementation of this kind of development planning. These measures constitute the last five points of the agenda for decentralisers.

- (i) Expert panels of planners, with specialised training in communitylevel sociologically-oriented planning would be necessary for the basic democratic units and their urban counterparts. A national commission should be established for the training and placement of such experts.
- (k) Expert physical planning panels would also need to be established by the central planning regime at the level of each basic democratic unit. The central level will also need expert planners capable of: (a) integrating base level people's plans into national level people's plans, and (b) working out the physical planning counterparts of the people's plans. A national commission should be established for the training and placement of such experts.
- (1) The upper echelons of existing State level development bureaucracies would have to be integrated with the central development administration bureaucracy. This bureaucracy will end at the district level, the implementation of all projects not affecting more than one basic democratic unit will be contracted out to the implementation wing of the basic democratic unit.
- (m) Considerable build-up and training of the implementation agents of the basic democratic units (and their urban counterparts) would be necessary. Zonal level civil service commissions would be needed to supervise the training, recruitment and placement of such functionaries. Basically, however, the development of implementation systems would involve the employment of technical supervision and extension personnel and not the proliferation of a lower-rank bureaucracy.
- (n) Finally, the new implementation set-up would also involve the setting up of a network of trade, credit and technical extension system. Upto the district level this will be the responsibility of the basic democratic units and their urban counterparts. Above this level it would be the responsibility of the central government.

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The above 14-point agenda, which we have called the agenda for decentralisers, represents an indicative programme for the effective reform of development planning and administration in India according to the decentralist philosophy of development planning. The author has no illusions about either the pace or the completeness with which such a programme is likely to be realised in practice. The above is an 'agenda' and not a 'blue print'. Its single but substantial contribution can be to redirect the ongoing decentralisation debate from marginally significant issues to the basic questions.

THE OVER GROWN CENTRE

History indicates that at an early stage of economic development, the tendency is to adopt a centralized form of management, which can mobilize the resources and energies of all concerned more effectively and produce a comparatively high level of efficiency in the short run. As the economy develops and the functions of government expand, it is no longer possible for the central guidance cluster to deal with all the day-to-day administrative problems and to meet the critical situations which are constantly arising. It is generally recognized that too great a concentration of problems upon the central guidance cluster causes delay, increases costs, reduces efficiency, limits initiative, discourages innovation and causes the cluster itself to become a bottleneck in the process of development.

—Development Administration, United Nations, 1975

Decentralisation in Administration A Point of View

V. Jagannadham

DECENTRALISATION in administration requires one to review more or less the philosophy of intra-departmental and inter-governmental relations. Intra-departmental decentralisation involves a study of the relationships between the headquarters organisations and its subsidiaries. The main concern of the headquarters is to keep itself informed of what is going on in the periphery. Often this function is performed by appointing an intermediate regional organisation or officers to supervise so that uniform standards are maintained throughout the country. The requirement of uniformity has to be balanced with the demand for freedom to adapt execution of programmes to local conditions. Routine office matters could be made uniform but services rendered by administration to people demand adaptation to local conditions. Adaptation and appropriateness of decentralisation vary from function to function. In a welfare state, the number, variety and volume of services by the government are growing and as such the need for decentralisation is all the more compelling.

Mere administrative decentralisation is not enough in a welfare state. It must be accompanied or preceded by political decentralisation because the pivotal aspect in welfare administration is to see that the service provided reaches the person requiring it at the time and in the manner specified by the specialist. The distinguishing feature of welfare administration, as against the maintenance of law and order and collection of revenue, is to see that consumers of services derive benefit and satisfaction; otherwise, public investment on the provision of services is wasted.

^{1&}quot;Decentralisation at this time (nineteenth century) meant, and for a long time continued to mean, the bestowing of powers by the State on local self-governing bodies to perform certain services, with or without supervision by a Central department. It did not mean devolution or geographical decentralisation within the framework of a Central department". May L. Dhonaw, "Decentralisation in Government Departments", The Institute of Public Administration, London, 1938, p. 8, *Ibid.* p. 9." and the controversy, centralisation versus decentralisation, for a long time tended to resolve itself therefore into a controversy between the central and local authorities.

POLITICAL DECENTRALISATION

The case for political decentralisation is as old as the concept of dem pcracy. From the days of direct democracy in ancient Greece to the present-days advocates of 'bringing government closer to the people', the concern has been, to bring together the amateur and the expert respectively represented by the elected and the appointed executives. The two are to work together because the elected executive reflects what the people could bear and thereby tempers the obsession with the technical efficiency of the expert. On the other hand, this amateur's enthusiasm as regards visionary schemes has to be tempered by the expert's view of the feasibility and cost aspects. Blending the amateur's idealistic enthusiasm with the expert's executive ability is the art of optimising democracy. This aspect requires us to study decentralisation not merely in administration but in government also. The British tradition allocates policy formulation function to the elected executive and the implementation function to the appointed executive. The dichotomy may be analytically sound but in reality indivisible. Policy and administration are inextricably intertwined and the two could not be separated.

The indivisibility of policy-administration continuum is also reinforced by federalism in some welfare states. The federal and unitary states have different aspects of decentralisation in administration. The division of powers in a federal state between the centre and the units requires decentralisation in administration to be considered at two different levels of government. With the division of responsibility for performance of duties, federalism legalises decentralisation institution-wise. Each federation, however, has been experiencing the availability of surplus resources with the central government in relation to its responsibilities whereas the units (or states/provinces etc.) are loaded with responsibilities which far outweigh the current resources and the capacity to mobilise further resources. The centre distributes resources to the states reserving the power to supervise the utilisation of funds. The grants-in-aid by the centre to the units has also brought into vogue a new form of decentralisation in administration in all the states.

As between the state and local self-governments, decentralisation is both political and administrative. The political element is enshrined in the statute creating local self-government in urban and rural areas. The statutes demarcate functions and resources for the fulfilment of tasks. The local bodies do not enjoy the constitutionally demarcated autonomy of units in a federal setup, as they are the creatures of the higher level government. But the local bodies, being governments at the door steps of the citizens, and providing access to a large number of informed citizens to participate in the management of local public affairs, indeed require autonomy that is available to the units under a federal constitution. This seldom happens. The headquarters and local

self-government look at decentralisation in administration with distrustful attitudes—the headquarters feeling deprived of the right to control and the local bodies feeling interfered with. The units feel as though they were prodded from above to fit into a uniform standard pattern designed by the centre. The two points of view are the obverse and the reverse of two levels of government looking at problems from two different levels and angles.

WELFARE STATE AND DECENTRALISATION

The growth of the welfare state and the planning or social engineering of developing societies have added a new dimension to the debate on decentralisation. The welfare state is also called a social service state. The provision of an appropriate and adequate service to the person or family in need is the essence of the philosophy of the service state. Service requires differential approach and individual attention. This could not be performed from the centre unless, of course, service by computers and transfusion of compassion through teletechnoscopy takes place. Normally, the local bodies employing their own personnel with adequate resources available for mobilisation at the local level ensures success to the concept of welfare state. In no welfare state is this happening. Those who pay for the provision of services also keep a watchful eye upon the quality of the service rendered and the personnel and procedures through which the service is provided. Detailed supervision may interfere with the flexible approach to the provision of service. Ultimately, therefore, in a welfare state, decentralisation in administration should mean divesting of decision-making at the top and investing it in the local government or local community. Would this happen? Would not the political and administrative egoism at the top hamper the process?

The developing societies offer another spectrum of decentralisation whether administration or political. Administratively, the colonial legacy and the accountability to the legislature subject the lower level authorities to a close check and supervision as well as innumerable demands for minute details in information. Political decentralisation may result in the really effective local self-governing municipalities or panchayats becoming controllers of vote banks adversely affecting the higher level political party bosses. Service by local governments also suffers by the creation of specialised functional bodies like city improvement trusts, water supply and electricity authorities, etc. Local self-governing bodies seldom mobilise resources on their own initiative and therefore depend upon the state by way of a share in tax, subsidies and grants-in-aid. To these must be added the state's right to 'supersede' an improper or unsatisfactory local government. Most self-governing institutions rely upon the services of 'deputed' state civil servants at higher levels. Under these circumstances, political decentralisation in several states in India has become a facade, and local democracy is regarded as dysfunctional to development.

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The development planners, however, place faith in public cooperation, people's participation, and local leadership as necessary for bringing about changes in attitudes, behaviour and interpersonal relations among the people so as to make development programmes meaningful and relevant to the public. Development ideologists also look upon vigilant public at the local level as a lever of control and check upon corrupt officials. Ideological requirements of democratic development planning stand in contrast to the convenience of real politik and traditional administration.

Decentralisation in administration, thus, raises problems in public administration and also requires us to look at the polity and its capacity to manage the complexity generated by industrialisation and urbanisation. The former has brought forth alienation and the latter, anomie. We are in the midst of an 'admass' society where old cannons of decentralisation are fast becoming eroded. Though the case for decentralisation remains undisputed, the process and methods are vitiated by the telephone, telex, television and other speedy media, quick transport and mass communication. The problem is identified by Savitch and Adler. With due apologies to the length of the quotation, I reproduce below their statement of the problem:

"It is our contention that much of the difficulty surrounding urban decentralisation can be explained by examining how political and administrative conditions shape the relationships between participants within decentralised networks. What comes out of these relationships is a capacity—or lack of capacity—to structure interaction so that it works to strengthen or weaken the subsystem. At one end of the continuum a healthy dynamic evolves which keeps leaders formulating policy, bureaucrats in tow (sic) administering it, and various groups overseeing it and making new demands for improvement. At the other end, a spiral of conflict and confusion ensues. Leaders are rendered helpless to initiate policy, bureaucrats become paralysed by counterveiling orders and groups engage in bitter controversy which cripples even the most modest innovation."

COMPARATIVE CULTURES

Earlier to this statement, the above authors raised a relevant question about comparative cultures and sub-cultures and conditions that spell success or failure to decentralisation: "The essential question, we believe, is not whether decentralisation is feasible or not; but why and how particular conditions promote decentralisation while others hinder it." In India we have

²H.V. Savitch and Madeline Adler, "Decentralisation at the Grassroots: Political Innovation in New York City and London", Administrative and Policy Studies Series, Sage Publications, Beverly Hills, London, 1974, pp. 6-7.

³Ibid., p. 6.

an infinite variety of culture contexts which require an intensive study for prescribing appropriate decentralisation—both political and administrative. Studies have been made in the sixties and seventies of experiments in political decentralisation under the democratic decentralisation experiments in Andhra Pradesh, Rajasthan, Maharashtra, Gujarat, Tamil Nadu and so on. The success of Maharashtra and Gujarat patterns, as well as the Tamil Nadu pattern, makes people attribute it to the sub-culture characteristics of collective self-reliance and cooperative propensities among the people of those States. Is this a valid and sufficient explanation or is there something more relevant in the viability of structure and capabilities of leaders? Could we become fatalistic and renounce the social engineering experiments to the inherited cultural determinism or could we make social engineering or development planning more meaningful by thorough research into structural functional variations of the different systems? Also, the north-eastern States, small and newly created, seem to be doing much better than the sprawling oversized and over-populated States. Do the former succeed because of high level grants from the Centre or do the people's cooperation contribute to the success?

In urban local governments also Delhi has adopted zonal system. This is an experiment in administrative decentralisation. This experiment compares well with the experiments carried out in New York and London. A cross-cultural comparison of the impact of administrative decentralisation in India and abroad throws light on the role of cultural determinism and social engineering. Comparative studies in cross-cultural experiments in decentralisation in administration open a rich field for sociological research in public administration. Mr. Nageshwar Prasad has made a study of decentralisation in Yugoslavia and India. The focus of the study was on formal aspects like the structures, functions, administrative and electoral processes, as also the financial viability of the two systems. The study however is limited by ideological aspects such as communism in Yogoslavia and sarvodaya in India.

DECENTRALISATION OF FUNDAMENTAL VALUE

In a paper written a couple of decades ago I had listed the recent developments in thoughts concerning rural local government.⁶ A review of decentralisation theory and practice in administration would be fruitful. One particular aspect that suggests itself is the ideology of decentralisation and its dysfunctionality to emerging concepts of public administration

⁴Mohit Bhattacharya, "Decentralisation of Big City Government", *Nagarlok*, Vol. X, No. 2, April-June 1978, pp. 97-104.

⁵Nageshwar Prasad, Decentralisation in Yugoslavia and India, Navchetan Prakashan, Varanasi, 1972.

⁶IIPA: The Pattern of Rural Government, report of a seminar, Feb. 1958, pp. 80-94.

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such as efficiency, economy, citizen participation. For example, Shri L.C. Gupta observes: "Efficiency or economy of scale cannot be compromised for the sake of any ideological adherence to decentralisation." If this statement gains acceptance, centralised planning, large-scale organisation of industry, trade and services spell disaster to other values such as citizen participation, flexible adaptation of services to local requirements. Shri P.R. Dubashi has expressed a view different from the above when he writes: "Decentralisation is, however, not a mere matter of weighing costs and benefits. It is also a question of community attitudes and cultural pattern. It is a value". Which of these two views is relevant in the emerging context needs public debate.

Does decentralisation in administration have an instrumental or fundamental value? Would it be discussed in association with or apart from political or democratic decentralisation? Isolated from a commitment to democratic ideology, decentralisation in administration is of instrumental value. It is a matter of expediency and convenience to handle programmed (routine) and non-programmed (developmental) matters. Coupled with democracy and its smooth functioning, decentralisation in administration assumes a fundamental value parameter and it is to be considered alongside with the faith and trust in local self-government or the lack of these.

Experience over a century with the urban local self-government and for over half a century with rural local self-government in India points to the higher level governments using local bodies as instruments of the state rather than as viable units of government at that level. The frequent resort to 'supersession', the indifference to hold elections at scheduled intervals, the multiplication of specialised functional bodies to discharge technical tasks more efficiently leads to doubts about faith in democratic decentralisation. Once Shri C. Rajagopalachari suggested the abolition of the democratic machinery of elections at the district level and below as, according to him, these were causing factions in communities, disaffection among people and defections among party members. This is one alternative and in all probability decentralisation in administration would then be efficient and successful. A more positive and constructive alternative would be to introduce rigid 'federal' relationship between the States and local bodies so that political decentralisation would not be easily tampered with and decentralisation in administration serves the larger goal of political decentralisation. Without federalism in Statelocal relations, political and administrative decentralisation would be mutually destructive.

⁷L.C. Gupta, "Decentralised Implementation: Some Administrative Problems", *Indian Journal of Public Administration*, Vol. XI, No. 2, April-June, 1965, pp. 251-273 at p. 260. ⁸P.R. Dubashi, "Decentralisation, Planning and Public Administration", *Indian Journal of Public Administration*, Vol. XII, No. 1, January-March, 1966, pp. 88-111 at p. 108.

Can Panchayati Raj Become the Agency for Integrated Rural Development?

Henry Maddick

IF there is political will, if there is administrative reform, the answer to the title question is 'yes'. If there is political will, the rest is likely to follow, given time.

The issue is couched in these terms because looking back over eighteen years, it is clear that in those States where politicians wished to foster democratic decentralisation, the system of panchayati raj has been reasonably successful. In other States politicians, ministers and chief ministers, party leaders, viewed the pradhan and especially the pramukh as competing political powers and were determined to reduce the competition. This is the first barrier to be overcome if panchayati raj is to have any chance of carrying through the heavy responsibilities outlined in the draft sixth plan. If the will can be generated to create a viable system, the other problems can be tackled—both corruption and partiality in planning and implementation, and outdated, obsolete and obstructive administrative systems and processes.

Various statements by the Prime Minister and ministers, numerous sections of the plan (the draft sixth five-year plan) make clear the tasks to be performed and the priorities to be accorded. These are:

- —the removal of unemployment and significant under-employment in rural areas.
- —an appreciable rise in the standard of living of the poorest sections of the population.
- —provision by the state of some of the basic needs of the people in those sections, like drinking water, adult literacy, elementary education, health care, rural roads, rural housing for the landless and minimum services for the urban slums.

INTEGRATED RURAL DEVELOPMENT

To achieve these objectives there should be an approach based on integrated development in the rural areas. Whilst there must be great, in fact,

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predominant emphasis, upon the poorer sections in planning and implementation, integration can only mean a process of planning and management which embraces all the governmental activities related to the economic and social wellbeing of the rural areas. These are, first, the non-developmental programmes, that is, the substantive ongoing departmental activities to maintain momentum in well established fields-agriculture, the maintenance of irrigation systems, the maintenance of existing infrastructure, roads and buildings; the continuing and growing needs of education and health services. Secondly, there are the ongoing development programmes -e.g., spreading of HYV, of dairy cooperatives and the special area or target group programmes such as command areas, DPAP, SFDA and the like. Thirdly, there is the minimum needs programme with its emphasis upon making social services accessible to all rural people through a hierarchy of service centres which also will greatly improve the amenities of rural living. Finally there are the special efforts to diversify the rural economy and through these and through those programmes already cited, create greater and regular employment opportunities. All these will be operating at once and, under present arrangements, the resultant mix can only be regarded as an administrative nightmare, for its multiplicity of programmes has introduced separate funding, separate organisations, separate command areas, separate special officers and superimposed these on officers in the field who owe loyalty, some to State departments or some (in theory) to a panchayat body. Overall broods the inhibiting presence of the ex-post facto audit which is completely divorced from any development objectives. It is no wonder that such a concentration should render many programmes less than fully effective and lead to the criticisms of planning and implementation by many. Clearly, past efforts, by dedicated officials and non-officials alike, have been stultified by outmoded systems of administration, by technical and financial sanctions which impede phased planning action and even obstruct the obtaining of basic needs-petrol, transport, cement-for the most minute projects. More attention has been paid to the machinery of administration than to the results.

PRIORITY FOR THE WEAKER SECTIONS

What is needed if integrated development with priority for the weaker sections is to be achieved is:

- —integrated planning of the long-term programme in productive and welfare areas;
- -integrated planning of annual action plans;

-integrated project implementation within those action plans:

—allocation of responsibility for these to points where a marriage can take place between expert skills and an understanding of the local place and of the experiences of local people;

- —according of influence to the poorer sections so that they can ensure priority being given to meeting their needs;
- —flexibility in planning and administration to meet variations in demand, and in means of providing for needs.

Can panchayati raj become the effective agency for meeting this great challenge? It is suggested here that over a few years it could, but to do so requires a change in structure, a change in composition, a change in personnel and management and a change in the whole context of administration. Given these there could be an institution which can coordinate and execute plans, can bring people from grassroots upwards into government, and which can be flexible and sensitive.

If the activities envisaged are analysed it will be seen that they can be divided for purposes of planning and implementation into three categories:

- (a) major projects—e.g., national roads, major hydro-electric works, etc., which must be carried out by State or Union agencies;
- (b) those projects in the secondary and tertiary sectors electrification, skill development centres, schools, hospitals and service centres—which are to be carried out within district areas and many of which will be carried out by the district staff;
- (c) micro level projects, which have to be indicated rather than specified in plans, often owing their origin to primary groups, require intimate, time-consuming discussions, and great flexibility and confidence; and
- (d) new and ongoing municipal functions—village and small town roads, water, lighting, etc.

Most of the matters under (a) and (b) will have direct implications for district, block and village and must be taken into account, especially in relation to employment.

FUNCTIONAL STRUCTURE

To handle all these activities it is suggested that a functional structure would be that of zila parishad to cope with district wide activities, their planning and implementation under (b) and (c), and with the implications of activities external to the district under (a) above. It is suggested that a new level—the cluster of panchayats—should be introduced to provide cohesion for the various extension workers and back up for them in their detailed, intimate (often individual) work with families and groups.

The block should become an agency of the zila, with responsibilities

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for supporting the clusters and willing and implementing zila plans. The panchayat should be given responsibility for village activities of the 'municipal' type—roads, clean water, public health, community buildings, etc.

Activities may be divided—the planning function and project implementation. As regards the first the district is likely to have the concentration of planners and certainly of highly experienced technical officers capable of producing viable plans. In order to make the plans intelligible and available for implementation, as well as for aggregation of microplans applicable in the preparation period, the district plan itself will have to be divided into manageable areas, and these would most probably be the blocks. So that each district would have a plan for each individual block, together with such parts of regional or State plans that included part or all of the district.

It would be most undesirable that the districts should attempt the implementation of the approved plans from the district headquarters—travelling time, accessibility of officers and so on, would affect their involvement in getting things done. Subdivision of district department staff on a block area basis would seem to be the most efficient method of delegation of responsibility for progress. Yet this would weaken the link with the non-officials at zila level which could be very important. At the same time it would expose these more junior officers to personal pressures from individual non-officials, MLAs and pressure groups. It would seem therefore that some non-official element would be required at this level.

This could be indirectly elected, as is most general at present, or ex officio, or directly elected. Direct election, whilst favoured by many, would be imposing a great many elections on the people—Union, State, panchayat, possibly district, and then block. Nor should there be another tier with the same legitimacy as that of the district. It would seem preferable to link these executive agencies for as long as their continuance is desired, with the cluster villages, by either treating the panchayats as electoral colleges or by using the cluster council for this purpose.

Their involvement in and approval of all microplans would be required before the plan could be incorporated in the district plans. They also should have authority over the VLW's appointed to their area and the extension officers at the cluster level—one of whom would be their secretary/executive.

¹There has been considerable discussion regarding the effectiveness of the block, both in the Dantwala Committee Report and in many articles and papers. Too numerous and too, small to plan, too large to be in intimate contact with primary groups, it would seem better for the time being to regard it as having a dual role—executing zila programmes within its area and capacity, helping forward cluster programmes and consulting and being consulted over plan formulation from below and above.

MEETING PLAN REQUIREMENTS

How does this scheme measure up to the plan requirements? As regards planning over ten and five years, and the action plan for each ensuing year, the district level group of technical officers and planning staff should be able to produce integrated plans covering sixth plan objectives, ongoing routine programmes and ongoing special programmes. Microplanning of specifically local plans-probably for shorter periods, given the 'experience perspective' of the deprived groups in particular—can be fostered, discussed, amended and agreed through whatever production groups are envisaged and through the 'cluster council'. Help would be needed from the district (or sub-district) staff over technical details and in putting them into the agreed format. These plans would then go up to district through the sub-district staff who would forward them with observations concerning practicality and urgency for use of their seniors at district level. The sub-district staff would not be able to amend and if they suggested serious amendments were necessary then reference would have to be made back to the cluster council. In fact sub-district staff should take the plans back for discussion, before sending to district, or better still, have ironed out difficulties in the discussions prior to finalising.

Implementation planning should be at the level at which the different projects will be put into effect with a commitment by the district level technical officers to discharge the requirement for materials and personnel at the dates needed. Implementation techniques might require working out at the district for block and cluster to put into effect. Much of the implementation could be done at those two levels.

There is rightly considerable concern about the intimidation in many areas of the poorer sections. Suggestions have been made for extra-institutional arrangements such as unionisation and other types of pressure groups. These have the risk that the forces generated may be controlled by unscrupulous, irresponsible and non-accountable individuals, and power seeking organisations. It is suggested that representation on panchayati raj institutions should, indeed, must, be amended so as to give proper weight to the views of the weaker sections who in many areas are 40 per cent or more of the population. It is with this in mind that the following system of representation is suggested.

Membership of panchayat and zila should be by direct election by the inhabitants of the village or zila area on the Maharashtra pattern. That of the sub-zila agency should be ex officio, as it has no direct executive powers, consisting of the chairperson of the cluster panchayats. Members of the zila from the area might be invited to attend for certain items by the chairman,

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or say any four members, but the zila members would have no vote and could not attend without invitation.²

It is necessary because of its connections with people in the village, making up the cluster, to ensure that every panchayat and the deprived classes in those panchayat areas shall be represented. The sarpunches would automatically be elected together with one representative of the deprived classes on a restricted roll. That roll could also be used for a reserved seat or seats on the panchayat. A minimum of four women should be elected by women alone, for they contribute a great deal to the family and community economy, and with these female non-officials, the poorer classes will probably have a majority. Arrangements such as these would provide for both group and geographical representation in line with our broad policy objectives of giving weight to those whom traditional rural leaders tend to ignore.

It would seem that these provisions for representing the small and marginal farmers, the landless and the unemployed, *i.e.*, those below the poverty line, will secure a majority in the cluster panchayat. The council would elect a chairperson from their number. There is the danger that they might be intimidated and it is here that the voluntary agencies can encourage the fearful to stand out for their rights and report instances of intimidation of those elected representatives, their family or friends.

At the sub-zila level a majority of the members (the chairman or chairwoman of the cluster panchayats) are likely to be representative of the weaker sections since those sections would have the majority in the cluster panchayats when electing their chairperson.

DISTRICT OMBUDSMAN

Further steps could be taken to enhance the power of the grassroots. The creation is suggested of a watchdog, an ombudsman, in every district who should receive reports of cases of intimidation through any channel—non-officials, officials, voluntary agencies, cooperatives and private individuals—and investigate. Where the charge was substantiated then the district magistrate should be given powers to award punishment according to a prescribed scale or formula.

At zila level, other steps might be taken because it would be necessary to have non-officials of high capabilities to grapple with planning alternatives and the implementation schedules for programmes. For some time to come

²This device is suggested because of the experience of the MLAs and MPs attending panchayat samiti meetings, monopolising meetings and over-influencing the less experienced members.

this might be beyond the capabilities of the average representative of the poorer sections. Two devices are possible—one at zila level is to review the social justice committee. Not much trust is placed in it at present, but it could be composed of the chairpersons of the sub-zila agencies, a special officer reporting directly to a minister, for, say, integrated rural development, panchayati raj and cooperation, one or more AVARD officers in the area, and a representative of the cooperative movement. They would be served by the officials of the zila in the same way as any other committee and they alone could sanction the use of moneys directed towards the poorer sections under various programmes. They could not impede the deployment of resources from other sources for the development of all forms of production; they could require details of all proposals for welfare services and projects to meet the minimum needs programme and should be given power to refer them back for further consideration and if their proposals were rejected, require a reasoned reply in writing.

Such replies as well as the general pattern of spending and the success in reducing unemployment would be the subject of another institution, the second safeguard. This could take the form of a select committee of the legislature charged with ensuring that both individual zilas and State departments were complying effectively with the national policies for increasing employment and raising the living standards of the poorer sections. All programmes would be looked at in a random sample of zilas, special attention being paid to those specifically for the poorer sections and for the impact that other programmes might have on them. Those authorities which had a poor record in this respect would be cautioned and a high power team of officers with, if necessary, special powers, seconded to them temporarily to rectify the situation. The existing powers of suspension are too draconian and in most cases defeat the objectives of delegated democratic effective bodies. Fresh elections might be considered. In time a responsible effective authority should result and a valuable lesson in democratic responsibility be learned.

Hopefully by these means the forces of organised weaker sections can be channelled through a legally created institution. Power must be kept within the law, lest it becomes a random anarchic force in society which ultimately breaks down all institutions.

IMPROVEMENT OF PROCEDURES

As regards administrative procedure and management, two major approaches are necessary—the improvement of procedures within the authority and the creation of a context in which these can operate. Present-day operation whether by the zila or the district is far from integrated or coordinated. Planning is a farcical waste of time because available resources

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are not known in advance, decisions on proposals are subject to both technical sanction in State departments and financial sanction in the finance department. Under these circumstances integrated planning—phased, inter-dependent—can never be achieved. Despite great efforts having been made in some districts, they have been unable to calculate what is the total amount of money available to a district in any year. How can anyone talk of planning in such circumstances?

It is suggested that the funds for all programmes in categories (b) (c) and (d) from Union and State sources, and all non-earmarked funds should be aggregated at State level, as well as those for ongoing 'maintenance' activities. This sum should then be divided between each zila on a rough calculation of needs and resources. Notification of likely sums to be allocated should be made as to 75-85 per cent at least 11 months ahead of the action plan year and a fair indication given for upto 5 years ahead, and for a further 10 years if possible. Planning of long range projects would then be possible with due allowance for recurrent expenditure implications. The zila will be responsible for establishing its own priorities for its own programmes chosen to achieve, in the best way possible for that area, the plan objectives.

All local taxes should be fixed and collected by the zila, with panchayats and clusters entitled to add their own cess or special tax. It is hoped thereby to ensure realistic tax levels and their actual collection, neither of which are widespread at the present. Distribution of these local revenues would be at the discretion of the zila except for the taxes passed by panchayat and cluster which must be returned to them in full.

Sanctions both technical and financial would go. Once the zila had received a global sum, financial sanctions would be unnecessary. There would, however, be limits to the authority of a technical officer—either financial or technical. If in the *preparation* of plans these were being exceeded, he would be required to call in as consultant a more senior officer. The latter would give his advice and be involved in the planning process and thus ensure that the proposals to be incorporated in the plan were technically sound. It might also be necessary to call in such help, or if not available, private consultants, to assist in implementation. With a predetermined global income, financial sanctions would go; with the use of higher technical skills in an advisory or consultative capacity, technical sanctions would go. They have been and are proving to be delaying, divisive and destructive and their passing will benefit development programmes.

PHASED ACTION PLAN

If these amendments could be attained, then the way is open for the zila to deploy its resources according to local needs and to integrate planning.

In fact planning becomes not only possible but worthwhile. Union and State policy priorities can be woven into policy proposals by officers and a small policy planning committee of the parishad can vet these proposals against local knowledge and put forward alternative programmes for discussion and approval in the parishad. Once approved it would be the responsibility of the officers to implement the programmes, and non-officials should be involved only in evaluation of results.

Like planning this requires an integrated phased action plan, which will need to make use of appropriate, simple techniques both of appraisal and interlinking. Coordinated implementation will also need to use simple techniques—network analysis, for example, and simple management information systems.

Great efforts should be made to develop approaches to corporate management which, in as simple a way as possible, will bring officers from various professions and departments to adopt plans jointly and accept an individual and common responsibility for their implementation. Planned programme budgeting is too complex and too experimental to be taken far, but the use of some of its hierarchy of objectives and programmes could be illuminating to the officers.

The chief executive officer would be made clearly responsible for the overall planning approach and for the efficiency of the whole organisation and the effective functioning of each department. A finance officer would be second only to him in the zila hierarchy. He would develop the financial function as an aid to decision-making and lift the accounts section from a book-keeping to an accounting role.

For all projects, one officer should be appointed a project manager or controller. His would be the task of ensuring that the work went according to plan or of bringing participating departments and levels together to remedy any shortfalls or make consequential adjustments in a programme they had jointly adopted.

Personnel policies and problems are largely neglected in discussions of panchayati raj patterns. There is a strong case for developing the personnel function at zila level. Each zila would need a personnel section to look after personnel development, welfare, training, manpower planning, recruitment and industrial relations, bearing in mind problems of organisational development.

Staff will need strengthening. At zila level there should be the planning team working closely with technical officers on developing plans. The team

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would have responsibilities for the whole zila plan and would be divided to work closely with particular sub-zila agencies as well. At cluster levels there would have to be a considerable increase in the number of VLWs. These would be grouped according to their involvement in productive projects and programmes; social services and infrastructure issues, and 'regulatory' matters like land reform. One of their number or possibly a more senior officer would be their leader and act as executive secretary to the cluster panchayat. Not only do numbers of 'village workers' need to be increased but so also do career prospects need improving. Technical advances call for greater specialisation, but in turn this raises the need for a coordinator, a team leader, to bring out a spirit of cooperation. Of the greatest importance is the need to provide an easily accessible place, an office, where the countryman can get all information about government services and pay all his various dues instead of struggling to reach the distant multiple points of service supply as at present.

INTEGRATING SERVICE CADRES

Another major problem needs tackling over the next 5-10 years. All top level staff, classes I and II, on whom corporate management depends are at present on deputation from State and Union cadres. This has an advantage in that some degree of independence is secured to them whereby their ability to give advice, to implement programmes fairly, is enhanced. On the other hand, their dominant motivation is that of promotion and often of transfer away from the rural area. For this they depend on the heads of their services at regional and State level. Such dependence reduces commitment to the panchayati raj limits and system and reduces his involvement in the area problems. It may introduce sectoral priorities (supposedly what the service director wants) rather than an acceptance of zila team decisions, and thus generally weaken the strength of the arrangement at the zila level.

Over the years would it be possible to blend the two—the professional State controlled services and local authority employment. Thus each service needed in local government could be organised Union-wise as regards recruitment, initial treaining, post-experience training, research work and professional standards. On posting to a State, the technical department concerned would control their postings during an initial period—say up to 8 years—in order that the officer gains on the job experience. From then officers would be on the staff of the authority which appointed them by competition to an appropriate level post. Movement after that would be to other authorities or to State Government and Union Government by advertisement. Rural postings, unpleasant postings, would attract higher salaries or benefits in the form of, e.g., education grants for family and other compensations. In other words the officer would only apply for jobs that were on a better scale or were in places to which he wanted to move. A State-wide salary scale and pension

arrangement would apply. Each department would be responsible for recalling officers for training. Local authorities would have rights of dismissal but only following a carefully elaborated procedure designed to protect the officer from arbitrary action. In fact the development of professional associations and legislation to protect employment would also cover this aspect. It might be necessary to apply special procedure, e.g., involving the State department, where there was a proposal to dismiss the most senior officers.

If these proposals were adopted then officers would have freedom of movement, local bodies appoint their own staff on scale or supra-scale, if they were unable to fill vacancies. The loyalty of the staff member would be strengthened because he had chosen to go there and his reference for better posts (for which he might apply in the future) would be given by that authority. On the other handsome protection against arbitrary dismissal would be created. The career structure would be as attractive to new entrants as at present and the handicap of random and frequent postings would be avoided.

PANCHAYATI RAJ DEPARTMENT

There will always be a temptation for the State departments to build up line functions in the field, either in new areas of activity or by taking back (for various good reasons) functions being discharged at the zila. Moreover, a system of decentralised democratic institutions is not suddenly going to slip into gear and operate at a high level of administrative efficiency nor political restraint. A strong department dealing with panchayati raj, cooperation and voluntary societies³ will be needed in each State. It should be responsible for training and for helping the units to develop conventions of behaviour, of inter-relations between officials and non-officials, and in protecting the system against departmental moves aimed at a reduction in the function of local bodies. Provision could be made for zilas to claim functions to be delegated to them.

This department should also be responsible for audit. At the present time the spectre of the audit is behind every officer, inhibiting initiative and experimentation. Yet without these qualities how can officials really help families, give actual effective timely assistance to individuals or production groups, explore new ways of increasing self-reliance of the country people? The department for panchayati raj could link the audit function with development and transform it into an educational activity linked with its ongoing programme of training and research.

³In so brief an article as this there is space only to say that each and particularly the cooperatives, have important roles to play and close cooperation between them and panchayati raj units must be ensured by formal and informal linkages.

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Many other matters remain unmentioned. Those that have been raised here are dealt with cursorily.⁴ The principle however remains—panchayati raj can be adapted to decentralised democracy which gives proper weight to the expression of the views of and the direction of programmes to the weaker sections. It can be a flexible organisation, sensitive to needs of individuals and places, supple in its responses. It can provide for integrated planning and integrated implementation of programmes.

This will not happen overnight. Some States, probably, Maharashtra, Gujarat, Rajasthan and Andhra, will be its trail blazers. Even in those States there will be variations to meet the degree of experience and understanding and interest of the people in controlling their own affairs.

Other States will rely more on the official element until such time as the pressure for democratic involvement overwhelms them. May it not be left too late, for the forces of anarchy are present in all societies, and what the powerful will not cede constitutionally, the weak—in present political terms — may find they can and will obtain by naked force.

If the decision is to use the district organisation, then care must be taken as to two aspects. First to make it truly discretionary and ask to be flexible and relevant in its planning and implementation. Secondly to impress upon it the need to work with its people. If it does that, one may well ask 'why not panchayati raj'?

Why not indeed? Given changes and modifications of obsolete procedures, given research and training, given patience and faith, India could show the world her skills and success in providing integration, flexibility, and above all, democracy in rural development.

A NOTE

It is suggested that the structure to be set up for the integrated rural development programme be as follows:

- -at the village level-village panchayat
- -at the grouped village level-cluster panchayat5

⁴For a fuller treatment of the issues raised, reference should be made to the author's "Panchayati Raj", Longmans, 1970, and to a paper prepared for the G.O.I./FSCAP Round Table, "Adapting Indian Administration for Rural Development", New Delhi, August, 1978 (paper DP/AARD/18).

⁵This new council has been so styled to distinguish it from any of the somewhat similar groupings for a variety of purposes which already exist in a small number of States.

- -at the district level-zila parishad
- —at the block level—an officers' sub-group with an advisory committee.

The powers, duties, rights and functions of these bodies are more difficult to define, save in general terms, until problems relating to finance and staffing are settled.

Broadly, however, they might be:

(a) To panchayats— clean water; public hygiene: community meetings place etc; conduct of gram sabha.

(b) To cluster panchayats:

- —to make proposals for other activities to the bodies authorised to carry them out, which bodies shall return a reasoned reply;
- —oversight and direction of cluster extension staff covering agriculture, welfare services and miscellaneous activities;
- -coordination where necessary of plans of primary groups in agricultural, industrial, cooperative activity;
- —ensuring services and inputs required are available and delivered either direct or through cooperatives, sub-zila agency, or private sources;
- --development of schemes for improving quality of life within whole cluster or parts thereof—housing, feeder roads etc.;
- —right to be consulted on all aspects of plans and projects developed by zila or block officers affecting that cluster:
- -right to veto such plans and projects as may affect only their area;
- —to discuss those affecting more than their area with the authorising level of government, local or central;
- —such other functions as may be delegated by higher tier but only if accepted by the cluster panchayat or accorded to individual clusters by ministerial order;
- —to operate a system of 'recalling' their representatives.

(c) To zila parishad:

- —all government functions pertaining to productive or welfare services; municipal functions; functions for the benefit of the area not the responsibility of another agency of government;
- -production of structure and long range plans, medium and action plans relating to these;
- -production of implementation plans;
- —levying and collection of taxes on own behalf, on behalf of the government and charges for services, e.g., electricity;

- —sanctioning of projects—both technical and financial sanctions—up to a limit to be decided in light of the level of establishment—provided they are within the human and financial resources of the zila;
- --control of staff of all grades;
- —coordination of cluster panchayats where their activities affect other clusters, or where they bear upon development activities or infrastructure works which are a district responsibility to implement;
- -such other functions as may be authorised by the State Government;
- —such other functions and enabling powers as may be claimed by the zila on behalf of either the one zila claiming or on behalf of all zilas, and be accorded by State Government or, in the event of dispute, by an independent tribunal;
- —in all matters, to act within the broad statements of policy issued by Union and State Government:
- —in matters subject to direction by any agency authorised to direct, to carry out those directions;
- —to operate the system enabling the electorate to recall their representatives.

(d) To sub-zila agency:

- -to be consulted by zila over plans;
- —to delay, by resolution of majority of non-officials attached to agency, for re-consideration at the next meeting of the zila, any matter affecting that sub-area alone to which they object;
- —to this objection the zila be legally required to issue a considered reply approved by the parishad.
- -to consult and collaborate with zila over project implementation as the zila may require;
- —to consult with clusters over plans and implementation affecting particular clusters;
- -to coordinate activities affecting more than one cluster;
- —to give technical advice and guidance to primary groups and to clusters over their programme and projects;
- -to guide and supervise the VLWs;
- —to supply or ensure timely and adequate quantity of inputs needed for projects being carried out by clusters which are within the spending levels of the clusters, providing such requests are made within the time limits agreed between the two levels;
- —to carry out works and projects needing more expertise than or requiring equipment not available to the VLWs.

It should be noted that these proposals do not pretend to be comprehensive or exhaustive nor do they attempt to be in legal phraseology. Rather they are indicative of the sorts of powers, duties and responsibilities which

would go a long way to achieving the twin goals of integrated rural development and a system of delegation of powers which would enable, but not ensure, decision-making at the level of action and involvement, and the opportunity for democratic processes to work more effectively, especially at the grassroots.

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Collector's Powers in Relation to Panchayati Raj Institutions

In Maharashtra and Gujarat, the district collector is kept out of the zila parishad.

In U.P. and Bihar, he is entitled to attend the meeting of the zila parishad and participate in the discussions, but has no voting right. In Bihar, he may also attend the meetings of panchayat samities and their standing committees but without a right to vote.

In Assam, Orissa, Haryana, Punjab and Rajasthan, the collector is a non-voting member of the zila parishad with which he is associated in purely advisory capacity. Thus he has no involvement in the decision-making process in rural democracy.

In both Karnataka and Tamil Nadu, the collector is the chairman of the district development council.

At the other end of the scale stands Andhra Pradesh, where the collector is not only a member of the zila parishad but also the chairman of all the standing committees and in whom is vested executive authority in most matters.

—Note by P.H. Vaishnav and K.V. Sundaram in the report of the *Working Group on Block Level Planning*, 1978.

Re-Modelling Panchayati Raj Institutions in India*

P. C. Mathur

REE India's commitment to democracy, development and decentralisation was embodied, in a paradigmatic sense, in the panchayati rai institutions but the experience of the last one and half decade has shown the necessity of restructuring the conceptual, structural as well as functional parameters of panchayati raj which has failed to reach a 'take-off' stage despite considerable investment of political and economic resources. Even during the course of India's freedom struggle a number of prominent national leaders had advocated the revitalisation of village panchavats and after India became free, several States launched upon schemes for democratisation of local self-government. Hence, when the committee on plan projects of the National Development Council appointed a study team under the chairmanship of Shri Balwantray Mehta which came out with its now famous proposal for 'democratic decentralisation', it was enthusiastically incorporated in the emerging consensus on national development in India, However, although no less than a person than Shri Jawaharlal Nehru. free India's first Prime Minister, lent his personal support towards statutory institutionalisation of the Balwantray Mehta study team's proposals, panchavati rai in India did not exactly record a sustained success, mainly due to a perceptible erosion of political faith in the efficacy of democratic decentralisation both at the Union as well as the State level during the latter half of the sixties and the early seventies culminating in the unprecedented centralisation of decision-making powers during June 1975-March 1977. The establishment of the first-ever non-Congress government at the Union level dedicated to a belief in "a polity that ensures decentralisation of economic and political power" has provided yet another opportunity for re-invigoration of local self-government in India so as to make it a suitable vehicle for democratic management of politico-economic programmes for nation-building.

The main objective of the present paper is to offer a panoramic overview of the progress and problems of panchayati raj institutions in a few selected

^{*} This paper is based on a working paper commissioned for the zonal seminar on restructuring of panchayati raj organised by Prof. Iqbal Narain on behalf of the Committee on Panchayati Raj Institutions, Government of India, at the University of Rajasthan, Jaipur, on March 30-31-April 1, 1978.

States and Union Territories of India so that the local as well as the national policy-makers may form an idea about (i) the changes that have already taken place or are under-way, (ii) the choices available to them with regard to institutional innovations and/or structural reforms, and (iii) the chances of successful implementation of the various policies and proposals in view of the still prevailing political resistance to substantial devolution of powers, functions and resources. Since considerable literature about the empirical performance of panchayati raj institutions since 1959 already exists, no attempt is being made in the present paper to provide comprehensive data, statistical or otherwise, but the emphasis is, essentially, on policy choices open to decision-makers in a field where considerable experimentation has already been made, thus almost pre-empting the possibility of a radical renovation of either the concept or the structure of panchayati raj institutions. However, since in view of the ringing pronouncements about a 'new village movement' or 'dynamic approach to rural development' (and many other rubrics of this type) contained in the 1977 election manifesto of the Janata Party, this possibility cannot be totally ruled out, we have devoted a small section to discussion of a radical renovation in panchayati raj policy.

CONCEPTUAL ISSUES AND INSTITUTIONAL REFORMS

Panchayati raj in India is, essentially, an 'all-India' phenomenon, whether in conceptual or institutional terms, but along with the politico-constitutional unity, socio-cultural and politico-institutional diversity is also a fact of life in India and, hence, even such a pan-Indian structure as panchayati raj has come to exhibit certain significant variations even in such geographically proximate units as Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan and Uttar Pradesh which provide the area focus for our discussion of the problems and prospects of panchayati raj institutions in this paper.

At this stage it would be appropriate, in our view, to provide a 'minimal' definition of panchayati raj in order to formally differentiate it from other similar concepts and/or institutional complexes. By pancharati raj we mean a statutory multi-tier institutional structure endowed with a corporate status by a competent (State) legislature performing functions pertaining to local self-government as determined, from time to time, by the legislature and/or the executive at the State or Union levels. While to several readers such a formal definition may appear to be an exercise in futility, one would, nevertheless, like to draw the attention of national as well as State-level policy-makers that the concept of panchayati raj as advocated by the Balwantray Mehta study team and institutionalised by several States after 1959 is, essentially, different from the related concepts of local government in countries like Nepal and Pakistan under the style of panchayat democracy and basic

democracy, respectively. We would not like to go in for a detailed elaboration of this point as far as international comparisons go (mainly because we have adequate grounds to entertain serious doubts about the legitimacy and/or competence of the agencies which have set up panchayat democracy or basic democracy) but we would like to stress the point that the mono-tier village panchayats which were established in many States in India even before 1947 have to be clearly distinguished from the panchayati raj institutions since established as an integrated system, containing three major interlocking institutions and a number of institutional affiliates and/or associates.

The foregoing description of panchayati raj as a cluster of inter-meshing institutions needs, in fact, a detailed discussion in the context of the renewed interest in panchayati raj institutions in the wake of the appointment of the Asoka Mehta Committee by the Janata Central Government to examine the "methods of constituting the panchayati raj institutions", because, so far, informal public opinion has uncritically accepted the Government of India explanation that the reference to "village panchayats in the Article 40 of the Constitution of India should also be deemed to be a reference to other tiers of panchayati rai besides the institutions carrying the statutory title of 'village panchayats'". Article 40, as is well known, is the only Article in the entire Indian Constitution to contain a reference to 'village panchayats'. But this Article refers specially and squarely to 'village panchayats' only and does not use any phrase (e.g., 'and similar other institutions') which can be construed to refer to other institutions normally regarded as part and parcel of panchayati raj and can be interpreted to subsume zila parishads and panchayat samitis on the basis of the assumption that panchayat samitis and zila parishads are village panchayat-like bodies or are, in a word, varieties of village panchayats.

The conceptual anomaly of treating panchayat samitis and zila parishads as variants of village panchayats becomes all the more pronounced when we realise that all over India, bodies designated as village panchayats have been in operation for a very long time while the establishment of panchayat samitis and zila parishads on a statutory basis is a post-Balwantray Mehta report phenomenon. It is true that the Balwantray Mehta study team while making its proposals which gave birth to the panchayati raj institutions decided to integrate the pre-existing village panchayats as one of the three institutional tiers in the panchayati raj system. But a detailed perusal of the study team's recommendations clearly shows that the team was thinking in terms of institutional innovation while spelling out the structure, composition, finances and functions of panchayat samitis and zila parishads and it was certainly far from its intention to replicate village panchayat-like bodies at the block and district levels under different names.

The distinction between institutional innovation and institutional

duplication was, in any case, not missed by any one of the several State legislatures which sought to statutorise the recommendations of the study team because, without any exception, all of them proceeded to institutionalise panchayati raj not under an integrated legislation encompassing all the tiers but under two statutes one dealing with village panchayats alone and the other making a provision for panchayat samitis and zila parishads. To a large extent, this 'two acts' approach towards institutionalisation of panchayati raj was simply an outcome of expediency because in nearly all States, statutes dealing with village panchayats were already in force and no State legislature saw the need for repealing an existing statute and enacting a new integrated statute to deal with all the three tiers of panchayati raj when it could make do with enactment of only one new piece of legislation providing for the establishment of panchayat samitis and zila parishads while village panchayats continued to function under their own statute with, of course, some incidental changes introduced by the new Act.

RE-ORGANISATION OF VILLAGE PANCHAYATS

The failure of the union legislature to amend Article 40 to provide an unambiguous reference to panchavat samitis and zila parishads as well as the failure of the State legislatures to enact an integrated statute encompassing all the three tiers of panchayati raj (viz., village panchayats, panchayat samitis and zila parishads) are, in our opinion, only the visible symptom of a malady lying much deeper, viz., failure of the national policy makers to make a proper assessment of the status role and functional ambit of the village panchayats whose continued existence in their existing form was taken for granted even as the policy makers were giving serious thought to the area, population, role, resources and responsibilities of the newly created institutions which were interlocked with the previously existing village panchayats without making adequate provision for such an institutional integration in the context of the panchayati raj. The Asoka Mehta Committee, one hopes, will have, therefore, undertaken a systematic review of the viability and suitability of village panchayats as panchayati raj institutions and, in particular, it should have undertaken a detailed probe into the necessity of continuing with the policy of statutorisation of panchayati raj institutions under two statutes, one dealing exclusively with village panchayats which enjoy the protection of Article 40 and which can be extended to the other tiers (operating under a separate statute) only by an act of interpretative elasticity.

The question, then, conceptually as well as structurally, before us is simple: Is village panchayat a panchayati raj institution? Since radical changes are ruled out, an affirmative answer should be taken for granted, but it would still be pertinent to make a systematic assessment of the

choices available regarding the re-modelling of village panchayats so as to raise the synergy of the multi-tier institutional structure of panchayati raj. In this context, one has to remember that this exercise is necessary because neither the Balwantray Mehta study team nor the two dozen and odd study teams appointed by the various State Governments have undertaken a comprehensive re-organisation of village panchayats in order to fit them into the overarching (village-to-district) structure of panchayati raj which was institutionalised in the wake of the proposals made by the Balwantray Mehta study team. The consequences of incorporating the pre-existing village panchayats into the newly-instituted panchayati raj structure have, unfortunately, not been subjected to rigorous analysis, but there is enough evidence to show that the progress of panchayati raj in India has been considerably hampered on account of the imbalances and mal-integration between the two.

In the first place, the mere existence of statutory village panchayats has damped the intellectual enthusiasm of policy makers towards the institutionalisation of panchayati raj because panchayati raj is often confused (or regarded as synonymous) with village panchayats which (a) exist and (b) exist in a 'survivalistic' rather than a 'developmental' sense. One of the main objectives of the introduction of the three-tier panchayati raj structure was, in our opinion, the re-invigoration of the time-honoured institution of village panchayats which had, in the context of modern India, at any rate, become moribund institutions eking out an anaemic existence at local levels without attracting popular participation from below or developmental devolution of resources from above. The introduction of panchayati raj, in other words, did not change much as far as village panchayats were concerned and even the synergistic benefits of being welded into a multi-tier organ of democratic decentralisation have not yet percolated to the village panchayats while there is some empirical evidence to suggest that the deficiencies and maladies afflicting the village panchayats have been 'escalated' on to the higher tiers of panchayati raj. Thus, while nearly 100 per cent rural settlements as well as 100 per cent rural population of India have been covered by village panchayats. several States have shown reluctance in the establishment of the three-tier panchayati raj structure (e.g., Jammu and Kashmir and Kerala) while even in those States where panchayati raj institutions have been established, not much thought has been given to streamlining the institutional structure of village panchayats after the introduction of panchayati raj.

Thus, to take up a very important conceptual question pregnant with great practical choices, there has been virtually no debate on the merits of the policy of 'one village one panchayat' (one village one panchayat policy) which has resulted in proliferation of village panchayats with weak developmental capabilities. The average population of village panchayats in the U.P.

panchayati raj structure is 1,030 and quite a large number of village panchayats serve the needs of a much smaller population with many village panchayats having a population of less than 500. The average population per village panchayat in Punjab is, roughly, 1,000 while Rajasthan and Haryana which seem to have departed from the one village one panchayat policy, to some extent at least, have a much higher average, viz., 2,550 and 2,026, respectively. While the one village one panchayat policy has, no doubt, a great built-in potential for democratisation of panchayati raj it would be quite appropriate to try to re-examine the 'trade-off' between the democratic representatives of small village panchayats and their developmental capabilities specially in the light of the Janata Party manifesto's promise to enhance the representational capacity of higher units like districts and blocks by reducing their size. In any case, even at present very few States are rigorously following the one village one panchayat policy and, therefore, a re-examination of the criteria for constituting village panchayats in the panchayati raj context should not be considered a major change from the ongoing policies.

Restructuring of panchayati raj should, in other words, start from the bottom with a view to making the village panchayat an operational unit for popular representation as well as planned development. It would, of course, be very difficult to lay down any rigid formula for determining the area and population of the re-organised panchayats because of physical and human variations in different parts of India (the sparsely populated hilly area of Himachal Pradesh and the arid zones of Rajasthan cannot be obviously treated at part with the river-fed plains of U.P.), but, it would be worthwhile to consider the possibility of fixing the number of members in such bodies, on an all-India basis, at five. At present, most Panchayati Raj Acts provide that the number of membership can vary between five to nine and it would not be a radical departure from the existing policies if the number of panchayat members is pegged, on an all-India basis, at five including the presiding member, i.e., sarpanch. Without making a radical change from the existing reality, this step would have a far reaching symbolic impact because, literally, panchayat implies a 'council of five' and pegging the membership of panchayati raj-panchayats to five would link them meaningfully with historical and social traditions. We would further like to suggest that the existing practice of coopting representatives of women and scheduled castes and scheduled tribes should be done away with because at this level such cooption hardly confers any representational or developmental benefits to the panchayats as such or the panchayati raj as a whole, because during the last one and a half decades hardly any such coopted member has made his/her mark on the working of panchayati raj institutions. Doing away with cooption at the panchayat level would leave the five member panchayat in direct contact with the people and if these bodies continue to neglect the interest of large sections of their electorate some other long-term and wide-ranging solutions would be

needed than the token presence of hand-picked representatives of these sections.

Another important issue on the agenda of structural reforms of panchayati raj is the question of the number of tiers in the panchayati raj system. *Prima facie*, this is a non-issue in as much as the Balwantray Mehta study team's proposal for a three-tier structure has received national endorsement but, in practice, one comes across several variations. Thus, apart from States where only one tier, *viz.*, village panchayats, exists, several States (*e.g.*, West Bengal) have been experimenting with four-tier structures while some others have reverted to a two-tier model after having introduced a full-fledged three-tier structure. The case of Haryana is most notable in this regard because it had inherited a three-tier system from Punjab in 1966 but in 1973 the Haryana Government took a step which at least academic scholars like Ranbir Singh and M. Shiviah have described as 'sudden' and abolished the apex tier, *viz.*, zila parishads. Earlier, the U.P. Government had resorted to a wholesale supersession of the zila parishads on March 23, 1970 reducing panchayati raj virtually to a two-tier structure for nearly four years.

Leaving aside these concrete cases, the utility of a three-tier structure is being increasingly questioned on the ground that while the essentiality of a village panchayat is self-evident (to ensure representational democracy at the grossroots level) the case for retention of two tiers above it becomes weak because only one of these tiers can be treated as the focal structure for devolution of powers, functions and resources while the other can, at best, play an advisory role. The Balwantray Mehta study team had suggested that the panchayat samiti should be the focus for devolution of executive authority while the zila parishad should play the role of an adviser and coordinate the activities of panchayat samitis both among themselves as well as with the State Government. Rajasthan, the first State to introduce panchayati raj, faithfully implemented this model but Maharashtra made a departure by treating the zila parishad as the pivot of panchayati raj, relegating the panchayat samiti to a merely advisory or agency role. For some time the merits and demerits of the two models of panchayati raj were keenly debated, but, mainly because the Maharashtra model received a far better 'Press'. gradually even the Rajasthan policy makers began to favour the Maharashtra model as evident from the Girdharilal Vyas Committee recommendations which sought to endow the zila parishads with greater executive authority.

In the ultimate analysis, the debate between the Rajasthan and Maharashtra models of panchayati raj is, of course, a functional question rather than a structural debate because the issue refers to the viability of the block-level panchayat samiti as an areal unit for planned development. The proponents of the Maharashtra model of panchayati raj tend to regard the zila

parishad as the fulcrum of the panchayati raj system because, under the existing circumstances, the districts are far better equipped to handle a larger number of developmental functions, but this is not necessarily true for all the States in many of which district boards and other district level administrative agencies are not so developed as to provide a strong argument in favour of selecting the district level panchayati raj institution as the pivot of the panchavati rai system. Given the Janata Party's electoral pledge to redraw the boundaries of the existing blocks and districts, all arguments based on status quo or existing realities lose much of their force and we may have to make a fresh choice both in functional and structural terms, between the panchavat samiti and the zila parishad, as the focal unit of the panchayati raj system. The 232 panchayat samitis of Rajasthan, all the available evidence tends to suggest, have chalked up an impressive record of developmental dynamism in spite of their initial handicaps and the increasing tendency, specially during the late sixties and early seventies, of the State Government to allow the batteries of the panchayatirajinstitutions to run down. As mentioned earlier, even the official policy makers had grown disenchanted with the Rajasthan model so that a high-powered committee appointed by the Government of Rajasthan under the chairmanship of Shri Girdharilal Vyas, the then President of the Rajasthan Pradesh Congress Committee, recommended a definite shift towards the adoption of the Maharashtra model of zila parishad, but we may abandon the automaticity of belief in the efficacy of the Maharashtra model of panchayati raj and re-examine the original proposals of the Balwantray Mehta study team with regard to making the panchayat samiti the executive spearhead of the panchayati raj system in the light of the empirical evidence collected during the last one and a half decades, and arrive at a considered judgement about the functional viability of panchayat samiti as a vehicle for rural development. In case one comes out in favour of the Maharashtra model of panchayati raj, one will have to give serious thought to the advisability of retaining the panchayat samiti on a statutory status and in this sense even the structural issue of the number of tiers in the panchayati raj system can by no means be regarded as closed.

COSTS AND BENEFITS OF GRAM SABHA ACTIVISATION

A structural issue related to the question of reorganisation of village panchayats and re-determination of the number of institutional tiers in the panchayati raj system is the question of the status of gram sabha and its role and responsibilities. In nearly all States where panchayati raj institutions are in operation, an attempt has been made to institutionalise the gram sabha, but it has been given a statutory status in only some cases and even these have given it only a semi statutory status by making an indirect provision in the status pertaining to the village panchayats while the statute making provision for the other panchayati raj institutions makes no reference to gram sabha at all. The gram sabha in a sense ante-dates the introduction of panchayati

rai and is, generally speaking, regarded as an instrument of direct democracy rather than representative democracy, because the panchayat statutes in nearly all the cases provide that the activities of the village panchayats shall be reviewed by meetings of all the adult residents of the villages falling within the jurisdiction of a village panchayat. In some States the role and status of the gram sabha have been formalised and incorporated in the form of rules and bye-laws making provision for the convening and conduct of such meetings at least twice a year but even in such States, e.g., Rajasthan, the gram subha has yet to emerge as an institutional organ of direct democracy, mainly because the sarpanch (or, for that matter, the panchas) is not interested in regular convening of such meetings and the people do not find it worthwhile to pay the costs (in terms of money as well as energy) involved in going to attend such meetings where neither substantive issues are discussed nor implementable decisions can be arrived at. For all practical purposes, therefore, the gram sabha is neither a full-fledged panchayati raj institution involved in democratic self-management of local level developmental plans and projects nor a viable institution of direct democracy providing a regular forum for articulation of all shades of interests, opinions and grievances at the grassroots. To be sure, we are not suggesting for a moment that local level democracy is an impossibility and we are fully confident that given a modicum of political and administrative resolution, the gram sabha can be activised as an effective forum for review of the general policies and overall progress of the village panchayats, but we would like to assert that the developmental role of the gram sabha is likely to remain severely restricted even if its representational capabilities are exploited to the fullest extent—a goal which appears to be almost impossible to achieve at least in the immediate future. One will have, therefore, to give serious attention not only to the strengthening of the administrative arrangements for regular convening and orderly conduct of gram sabha meetings but will have also to take into account the energy drain on account of officials' (and non-officials') preoccupation, twice a year at least, with the organisation of such meetings whose direct contribution to the development administration can only be marginal whatever be the long range grains in terms of participatory democracy.

Activisation of gram sabhas, as mentioned earlier, is certainly not an insuperable problem (given a sustained expenditure of energy and money by the district administrative machinery plus a couple of amendments in the panchayati raj statutes making it obligatory upon the sarpanchas and the panchas to attend the gram sabha meetings), but the question that one would like to ask after taking into account the Rajasthan experience of 'gram sabha activisation', is whether the net gain from this structural strengthening would be positive in terms of functional efficiency specially when the 'costs' of organising six-monthly meetings are likely to increase on account of the formation of multiple village panchayats and because the average population of

adult residents in each village panchayat is likely to rise in the foreseeable future. Against the above mentioned 'costs-of-democracy' argument one can, of course, put up an impassioned plea based upon absolutisation of democracy and insist that panchayati raj would remain not only incomplete but meaningless if it does not allow the people to articulate their 'voice' in face-to-face village assemblies and, at a purely conceptual level, there could be no answer to this line of argument, but then there should be as thorough a costbenefit analysis as possible of the institutionalisation of gram sabha as a statutory component of the panchayati raj system before making up our mind on this issue.

ROLE OF NYAYA PANCHAYATS

A similar seemingly structural but essentially conceptual issue relates to the question of engrafting nyaya panchayats on the institutional structure of panchayati raj. Nyaya panchayats are, essentially, adjudicative bodies and their relationship with the panchayati raj system is a legacy of the prepanchayati raj history of village panchayats when the village panchayats were invested with some judicial powers also which were later on vested in a separate statutory institution known as nyaya panchayat. Nyaya panchyats generally try petty cases arising out of civil and criminal law and have no representational or developmental role to play as far as the panchayati raj institutions are concerned. Moreover, the experience of the working of nyaya panchayats has been, generally speaking, unhappy and they are being gradually wound up in nearly all the States where they were established. Once again, we are confronted with a situation in which 'actual failure' may not be considered as good enough to offset the case for 'possible success' because the dismal performance of nyaya panchayats cannot negate the ideal of ensuring speedy and cheap justice to people and it is difficult to refute the thesis that justice can be expedited (and made cheaper) only when it is administered at local levels by people familiar with the local situations and capable of harmonising the conflicting interests which tend to get aggravated when taken to far away courts functioning in an unknown idiom and administering an almost alien code of conduct. The gulf between the 'ideal' and the 'real' is, thus, vast and one would be faced with a very difficult problem with regard to specification of the role and status of nyuya panchayats in the panchayati raj system, but we would like to suggest that before making any choice(s) in this regard one must consider the larger question as to whether nyaya panchayats ought to be treated as an integral component of the panchayati rai system geared towards developmental goals, rather than representational and judicial.

Another structural question that deserves careful consideration is the issue of inter-institutional linkages with special reference to the powers of

control and supervision of one panchayati raj institution over the other panchayati rajinstitutions. The Balwantray Mehta study team had suggested a three-tier structure with an interlocking membership in the sense that all the presiding members of the village panchayats should be ex officio members of the panchayat samiti in which the village panchayats are located and, mutatis mutandis, all the presiding members of the panchayat samiti should become ex officio members of the zila parishads. While many States, such as Maharashtra, have departed considerably from these proposals, several States, most notably Rajasthan, have faithfully institutionalised what we have elsewhere characterised as the escalator model of panchayati raj in which it was possible for a sarpanch to become a member of the panchayat samiti and, upon being elected pradhan of the panchayat samiti, becoming a member of the zila parishad and even being elected as the pramukh of this institution. In practice, very few such cases of escalation have occurred, but the escalator model of inter-institutional linkages certainly has facilitated continuous coordination between the village panchayats and the panchayat samitis on the one hand and panchayat samitis and the zila parishads on the other since each panchayat samiti contained a large contingent of sarpanchas and each zila parishad had a large contingent of panchayat samiti pradhans as members.

While Rajasthan has successfully operated the escalator model of interinstitutional linkages, Punjab and Haryana have opted for a variation of the Maharashtra model wherein the presiding members of the lowest tier, viz., the village panchayat are not exofficio members of the middle tier, viz., the panchayat samiti, but all the members of the village panchayat elect a fixed number (sixteen in the actual case) of representatives from amongst themselves as members of the panchayat samiti, but all the presiding members of the panchayat samiti are ex officio members of the zila parishad. We are not aware of any comparative study which sought to assess the relative merits and demerits of these two modes of inter-institutional linkages, but on a priori grounds, the superiority of the Punjab-Haryana model over the Rajasthan model is doubtful because it calls upon the panchas and sarpanchas of the village panchayats to participate in a 'one shot' election of sixteen persons from amongst themselves at a time when they may not be in a position to make rational political judgements about the candidates seeking their votes who, moreover, upon being elected, would have no occasion to maintain any contact with their electors in any formal sense because the panchas and surpanchas of the village panchayats, falling in a given panchayat samiti, neither form a homogeneous political constituency nor constitute a stable electoral college.

The Rajasthan model of giving the panchayat samiti membership to all sarpanchas does lead to some undesirable enhancement of the status of the sarpanchas vis-a-vis the other panchas of his own village panchayat, but the Punjab-Haryana model of calling upon all the newly elected panchas and

sarpanchas to meet together to elect sixteen persons from amongst themselves as members of the panchayat samiti does not appear to be founded in any rational political theory, but is simply a convenient device to keep down the membership of the panchayat samiti to a manageable size and yet give the members of the village panchayats a sense of involvement in the panchayat samiti.

PITFALLS OF THE ESCALATOR MODEL

If we accept the suggestion for reduction in membership of the village panchayats to five, the logistics of holding the elections for village panchayat representatives for the panchayat samiti would certainly become more manageable, but the political rationale for such election will still remain vague and elusive. A detailed empirical probe in this regard is necessary before prescribing the preferred mode of inter-institutional linkages specially because, as hinted earlier, the Rajasthan model or the escalator model is not entirely free from defects arising out of overweightage being given to the presiding members of one institution in another institution which is also expected to exercise certain powers of control and supervision vis-a-vis the individuals who have been given ex officio membership in the supervisory institution. Conferment of ex officio membership upon sarpanchas (in the panchayat samitis) and prudhans (in the zila parishads) tends to create in the panchayat samitis as well as zila parishads a solid block of like-minded persons with strong cementing boards of common interests (in institutional terms at any rate) and instances are not lacking when all the sarpanchas or pradhans have united against all other categories of members in panchavat samitis and zila parishads respectively. While the formation of such sarpanchas or pradhans blocks or lobbies is merely a political and not a structural issue, the presence of sarpanchas in panchayat samitis and pradhuns in zila parishads can (and, indeed, does) become a liability in the proper discharge of the powers of the control and supervision vested in the panchayat samitis and zila parishads specially in cases involving one or more sarpanchas or pradhans because they happen to be members of the body exercising control and supervision over themselves as well as their peers.

In actual practice the ex officio membership of persons against whom control and supervision is being directed in the body which is responsible for maintaining control and supervision does not create any legal problems on account of well-established procedural conventions regarding such matters. But the issue that we are highlighting refers to the larger question of institutional autonomy and institutional loyalty when a given institution contains a large number drawn from a different institution to which they, moreover, owe their primary loyalty. A sarpanch is, all said and done, likely to always mould his preferences, priorities and programmes keeping in view the

constituency which elected him (and to which he would have to go again for re-election) and it would be a logical corollary of this political reality to expect all the sarpanchas to give primacy to the interests of the village panchayats even at the expense of the interests of the panchayat samiti as a whole and, hence, no one should be surprised to find that the non-sarpanchas (in case of panchayat samitis) and non-pradhans (in the case of zila parishads) are not in a position to resist the erosion of institutional autonomy from within by a group of ex officio members acting in concert. The gravity of erosion of system autonomy by sub-system pressures can be realised from the fact that whenever a zila parishad or panchayat samiti is called upon to allocate resources amongst their constituent units they invariably distribute such allocable funds equally amongst all the constituent units without making an effort to discover a formula for more efficient allocation of resources because the presence of the ex officio presiding members of the recipient institutions virtually rules out rational choices and optimising exercises.

Having elaborated some of the key issues in organisational reform of panchayati raj institutions, we now turn to a discussion of the functional agenda of panchayati raj.

FUNCTIONAL SPAN AND RESOURCE MOBILISATION

Notwithstanding Shri Asoka Mehta's disclosure at the seminar on panchayati raj, planning and democracy held at Jaipur in 1964 that the panchayati raj institutions were conceived in the Planning Commission during discussions of land reforms when the need was felt for "reorganisation of land tenure systems, of administration and of the whole social structure", the academic as well as political activists generally regard the panchayati raj institutions as the spearhead of planned development in rural India and the Balwantray Mehta study team has clearly mentioned in its report that its terms of reference underwent a sea-change when the National Development Council directed the team to carry out a special investigation into the question of reorganisation of district administration keeping in view the recommendation of the second five year plan for organically linking the village panchayats with popular organisations at a higher level so that the entire general and development administration at district and sub-district levels could be entrusted to such democratic institutions.

With due respect to the Balwantray Mehta study team, their famous proposals for 'democratic decentralisation' can be regarded as nothing but a structural institutionalisation of the recommendations of the second five year plan on the issue of reorganisation of district administration so as to adapt it to the needs of democratic planning contained in chapter VII, specially paragraphs 25 to 29, as explicitly stated in Shri V.T. Krishnamachari's letter asking

the Balwantray Mehta study team to "study the problems connected with reorganisation of district administration on the basis of general conclusions outlined in the second plan."

Panchayati raj institutions in India, thus, grew out of the Planning Commission's felt-need for democratisation of the planning process in general and development administration in particular and, whatever be their structural design, democratic management of local development still looms large upon their functional agenda. The Balwantray Mehta study team had, indeed, gone so far in its enthusiasm for democratic decentralisation of planned development that after spelling out the functions of the panchayat samitis it went on to record the following recommendation: "We would strongly urge that, except where the panchayat samiti is not in a poisition to function in any particular matter, the State Government should not undertake any of these or other development functions in the block area." In actual practice, no State Government was willing to pass such a self-denying ordinance in favour of its own subordinate creations and, to make the matters worse, whatever functional decentralisation did take place in the early sixties was substantially eroded, with the result that panchayati raj institutions today are virtually back to their pre-1947 status as organs of local self-governments rather than agencies for local development. This, of course, should not be taken to imply that decentralisation of development administration has been given up as a national policy, but there is no doubt that none of the State Governments in India is equally sincere when it comes to the issue of democratisation of the process of development planning at local levels by giving progressively greater weightage to the popularly elected panchayati raj institutions.

Conceived as local level organs of democratic management of development administration in particular and planned development, in general, the panchayati raj institutions are being systematically elbowed out of their main functional arena not only by the State Governments (whose technical departments are reluctant to delegate the execution of their schemes and projects to panchayati raj officials and non-officials) but also by a host of special purpose organisations (SPOs) chartered to execute specific programmes for the benefit of specified target groups. Thus, whereas the Balwantray Mehta study team wanted even the State Government to divest itself of all developmental responsibilities once the panchayati rajinstitutions were established, today one finds the panchayati raj institutions in most States in a state of standstill as far as development works are concerned while a number of SPOs are coming up for formulation and execution of development projects. Generally speaking, these SPOs do not maintain even a token linkage with the all purpose panchayati raj institutions. The establishment of Small Farmers Development Agencies (SFDAs) is only one of the numerous examples of by passing of panchayati raj institutions by newly established

uni-functional agencies and we will have to address ourselves squarely to the question whether the popularly elected all-purpose bodies like the panchayati raj institutions can discharge their developmental responsibilities as efficiently as the uni-functional agencies specially set up to execute a specific set of schemes and projects.

There is also the broader issue of the technical or technological capability of the elective institutions dominated by a changing set of office-holders whose short-term political (and personal) interests are likely to militate against efficient management of long range development plans. As long as the present pattern of preparation of long term countrywide plans (whether or the five years or rolling variety) is retained and so long as the responsibility for the execution of such plans is, primarily, cast on the Union and State Governments, the chances of panchayati raj institutions emerging as agencies of local development in their own right are not only slight but very remote. The experience of various State Governments with different exercises in 'planning from below' has already convinced them that the panchayati raj institutions cannot be expected to play an effective role even in plan formulation and, hence, it would be naive to expect the State Governments to associate the panchayati raj institutions with the tasks of plan-execution for which the panchayati raj institutions are, in any case, ill-equipped, possessing neither the requisite financial resources nor the essential technical apparatus except what the State Government may spare from time to time depending upon their own techno-economic status and their political conception of the need for assisting potentially rival centres of political power.

COMMUNITY DEVELOPMENT PROGRAMME AND PANCHAYATI RAJ

The fact that the panchayati raj institutions were able to play a significant role in the early sixties should not lead one to make over estimates about the institutional utility of panchayati raj in the sphere of development administration because these bodies started with the techno-economic endowment bequeathed by the community development programme (CDP) which was itself developing as a special purpose organisation (SPO) when it was entrusted to the care of the PRIs. Hence, as long as the CDP funds, projects and personnel were at the disposal of the panchayati raj institutions they were able to play an active role as agencies of local development, but as soon as the CDP resources began to taper (the CDP was designed to gradually taper out over a period of 10 to 12 years but, in fact, its resources were subjected to mid-term cuts and drawbacks both by the Union and State Governments) the PRIs found themselves denuded of funds and personnel as exemplified by the 1967 decision of the Rajasthan Government to withdraw the RAS officers who were posted as vikas adhikaris in the 232 panchayat samitis and whose presence lent a great deal of authority and prestige to the panchayati raj

Institutions in a way that could never be matched by non-RAS vikas adhi-karis. Again the 1969-70 decision of the National Development Council to adopt the block-grant system of financial assistance to the States did, no doubt, result in a greater flexibility to the States, but at least in the case of Rajasthan, the Girdharilal Vyas Committee has clearly recorded that community development and panchayati raj were the first casualties of the adoption of this system because the State Government drastically reduced the resources it was committed to make available to the panchayati raj institutions giving rise to a large quantity of what the Vyas Committee has termed as 'minus balances' for whose accrual the panchayati raj institutions are still waiting.

The functional momentum of panchayati rajinstitutions is, thus, bound to decline further as the CDP resources are finally exhausted but, in the meanwhile, the functional primacy of multi-functional panchayati raj institutions is being increasingly challanged by the new unifunctional agencies charged with execution of technology-intensive schemes and projects. The involvement of the panchayati raj institutions with the green revolution projects, viz., distribution of inputs was minimal and now the increasing adoption of World Bank promoted Bennore model of extension services is likely to result in the village level workers (VLWs) being placed outside the purview of the panchayati raj institutions. Under the CDP, the VLW was to be a multipurpose extension worker but 80 per cent of his energies were to be devoted to agriculture and when the CDP was handed over to the panchavati raj institutions the services of the VLWs were also placed at their disposal. The adoption of the Bennore model for organisation of extension services would, however, result in the VLW being again placed under the agriculture department and being converted into a 100 per cent agricultural extension worker thus leaving the village panchayats without any extension personnel of its own and depriving the panchayat samiti extension staff of the services of an active field-worker.

While it is too early as yet to assess the impact of withdrawal of VLWs on the panchayati raj institutions in Rajasthan, we will have to give serious thought to the long-term implications of the policy of taking away the responsibility for extension work from the panchayati raj institutions and entrusting it either to the State Government and its technical departments or to the new specially created agencies after by-passing the panchayati raj institutions. The Janata Government has, for example, recently adopted an industrial policy resolution which lays considerable emphasis on dispersal of industries and specially calls for the establishment of industrial services centres at district headquarters, but it makes no mention about the possible association and/or involvement of the panchayati raj institutions in the organisation and management of the proposed district industries service centres. Having been left out on the periphery of the green revolution and

agricultural development during the sixties and seventies, the panchayati raj institutions are likely to be left high and dry during the eighties as the various plans for rural industrialisation get under way even though in States like Rajasthan an attempt was made to utilise the panchayati raj institution as a vehicle for development of rural industries by creating the post of industries extension officer at the panchayat samiti level in the early sixties.

The question of the functional efficacy of the panchayati rai institutions is, of course, intertwined with the issue of resources placed at their disposal and the prospects in this regard appear to be bleak at least in the near future, as neither are the State Governments likely to enhance the quota of resources they are already devolving upon the panchayati raj institutions nor are the panchayati raj institutions likely to undertake the political risks involved in resource mobilisation on a large scale. The problems of resource mobilisation by the panchavati rai institutions have been studied by a large number of committees and study teams including the Santhanam Committee on Panchayati Raj Finances (1963) and the solutions canvassed by them have been given a trial in various States, but the total quantum of tax and non-tax revenues of the panchayati rai institutions has not shown an appreciable growth because the panchayati raj institutions, being very close to the grassroots, do not want to incur the odium of collecting large revenues from the people. This means that either the Union Government or the State Governments would have to undertake the task of resource mobilisation on behalf of the panchayati raj institutions for a long time to come and this also means that the panchayati raj institutions will continue to depend upon grants and grants-in-aid from the State Governments because the Union Government cannot enter into direct financial transactions with the panchavati rai institutions which are treated, for this purpose, as organs of local self-government (rather than local-level agencies of rural development) which fall under the exclusive jurisdiction of the State list of the Constitution of India.

The terms of reference of the Asoka Mehta Committee require it to suggest measures for reorganising the panchayati raj systems to enable the panchayati raj institutions to play an effective role in the sphere of integrated rural development in the future but no such measure stands a chance of being successful unless the extractive capabilities of the panchayati raj system are enhanced to enable the panchayati raj institutions to mobilise more resources through their own efforts. It is, however, difficult to itemise the measures to raise the resource mobilisation capacity of the panchayati raj institutions specially when even the Union and State Governments are being chary of undertaking such efforts as evident from the failure, so far, to implement an effective measure for taxation of agricultural incomes. The panchayati raj institutions can, of course, bring about substantial increments in their operational funds by resorting to mobilisation of non-tax revenues on a large scale

specially in the sphere of undertaking productive or remunerative enterprises whose outputs can be sold or rented on a commercial basis. This would, however, immediately raise the question of 'social justice' and critics may very well question the desirability of panchayati raj institutions launching upon profit making activities when they are expected to fulfil the minimum needs of the rural masses. In recent years, rural India has seen a marked expansion in commercial transactions (even the quantum of credit operations has gone up tremendously) and panchayati raj institutions can certainly mobilise a lot of resources for development activities by, say, undertaking to provide techno-economic services to the rural people, but, whether by policy or by an oversight, the panchayati raj institutions have been virtually excluded from launching upon such enterprises and, instead of utilising the panchayati raj institutions as local-level agents for handling such techno-economic goods and services, the State Governments have preferred to establish State-level statutory corporations (e.g., agro-industries corporations) to handle these remunerative enterprises. We may have, therefore, to reexamine the role and status of the panchayati raj institutions vis-a-vis such State-level organisations (with State wide operations) and suggest some concrete measures to enable the panchayati raj institutions to participate in their remunerative operations which not only deprive the panchavati rai institutions of local non-tax revenues but also lower their political and administrative prestige as the people increasingly find that the panchayati raj institutions have no role to play in distribution of goods and services which command a great premium in rural development. Most panchayati raj statutes in India, for example, provide full or associate membership to representatives of cooperative institutions in the panchayati raj institutions but no State Government has thought it worthwhile to affiliate the panchayati raj institutions with remunerative organisations operating in rural areas and measures need to be taken indeed, for bringing about a greater institutional integration between the allpurpose panchayati raj institutions and the host of newly established unifunctional agencies because such measures could go a long way towards improving their functional span if not the financial status of the panchayati rai institutions.

POLITICAL ISSUES AND ADMINISTRATIVE INSTITUTIONALISATION

All the foregoing suggestions (and discussions about the pros and cons of the suggestions) about structural renovations and functional reinvigoration of the panchayati raj institutions would remain sterile without taking into account the political factors impeding or facilitating the working of the panchayati raj institutions. The importance of the political factor is often not fully realised because 'politics' operates slowly and subtly and policy makers take it for granted that the legal formal institutional structures devised by them can withstand the political stresses and strains without

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much difficulty or deviation from the original plan. Another factor which impedes a rational analysis of political choices is the lack of relevant criteria for making political judgements, as evident from the candid confession of the Balwantray Mehta study team that "we are not able to suggest any arrangement" to ensure the "complete freedom to exercise the right of adult franchise without the possibility of creating tensions which aggravate village feuds and caste differences." Great as the urgency is to ensure that the panchayati raj institutions operate in a 'healthy' political manner and atmosphere, it is clear that the arena of 'politics' is the least susceptible to rational choices and the chances of any given reform cannot be assessed with any great accuracy in advance. Yet the experience of the working of the panchayati raj institutions over the last one and a half decades has thrown up certain posers and problems and are being highlighted from this point of view.

The first issue that needs a sustained discussion is the lack of political will on the part of the Union and State level elite to part with their own powers in order to ensure maximal delegation of powers and resources to the panchavatiral institutions. During the long course of the freedom struggle in India a strong consensus had seemingly crystallised round the necessity and utility of developing local self-government as people's representative institutions of grassroots democracy, but after India's attainment of independence this consensus almost evaporated despite the fact that India had opted for democratic planning in which the local institutions could have found a significant role to play and which was duly recognised by the national elite whether in the Union Cabinet or in the Planning Commission. The reluctance of the State level elite to share their powers with their local level counterparts, however, appears to be an inexplicable phenomenon specially when viewed against the pre-1947 pronouncements of the political activists who were asking the British to quit India on the ground that Indians were quite capable of selfgovernment at all levels. As yet, we do not have detailed quantifiable data to pinpoint the State elite's reluctance for carrying out the process of decentralisation of powers, functions and resources further downwards but the cavaliar manner in which different State legislatures treated the panchayati raj statutes gives some idea of the obstacles that any proposal for strengthening of the panchayati raj institutions is bound to encounter. Thus, the U.P. Vidhan Sabha took more than one year to enact the Kshetra Samitis and Zila Parishads Act while the Rajasthan Vidhan Sabha rushed through the Panchayat Samiti and Zila Parishad Act leaving many clauses vague and incomplete and giving rise to many legal complexities and technicalities only some of which were highlighted by Shri P.K. Chaudhuri, himself a MLA at that time, in an academic forum (viz., the Economic and Political Weekly) of all the places! The State legislators have, in general, not taken a very keen interest in fostering the development of panchayati rajinstitutions and in many cases they have been more inclined to discuss the affairs of urban local selfgovernment institutions rather than trying to ensure healthy development of newly created panchayati raj institutions. The legislators' apathy towards panchayati raj institutions became very pronounced when they failed to lodge a combined protest in States where panchayati raj elections were not held for more than ten years and one could discern, at least in the case of Rajasthan, the legislators' fear of emergence of the panchayati raj institutions in general and the panchayat samitis in particular as an alternative focus of political patronage and, hence, political power. It is instructive to consider, in this regard, the fate of the All-India Panchayat Parishad (AIPP) and its State level affiliates which for a brief time tried valiantly to champion the cause of panchavati raj institutions and began to function as an active 'pressure group' articulating the demand for greater delegation of powers, functions and responsibilities to the panchayati raj institutes. As a watchdog of the interests of the panchayati raj institutions, the AIPP was heavily dependent upon grants from the Union and State Governments since the panchayati raj institutions were in no position to make more than a token contribution to its funds and the flow of funds from the Government (specially State-level Government sources) began to show a perceptible decline as the AIPP became more strident in this regard. The AIPP grants had begun to register a decline even in the last days of Jawaharlal Nehru but after his death they were subjected to larger cuts and within two years of his demise many such grants were withdrawn altogether. The steep cut virtually coincided with ShriS.K. Dey's exit from the relevant Union Ministry and Shri Dey later epitomised his anxiety and depression at the turn of events by putting a question mark after the title of his book Power to the People containing his assessment of India's experiments with decentralised democracy. On account of a remarkable 'change-chain' unleashed by the former Prime Minister, Shri S.K. Dey has been again placed in a position to guide national policies and one can only hope that the Asoka Mehta Committee was able to profit by his presence to devise some concrete measures to forestall similar back-sliding on the part of the Union and State political activists.

One such measure often mooted for putting the panchayati raj institutions permanently on a sound footing is the suggestion to give them a specific status in the Constitution of India. At present, as already mentioned, the Constitution makes an explicit reference to only one of the panchayati raj institutions, viz., village panchayats and this is embodied only in the context of the directive principles of state policy whose execution is not mandatory upon the Union or State legislatures and executives. Enthusiastic proponents of panchayati raj often cite the lack of constitutional status as one of the major factors responsible for the failure of the panchayati raj institutions to reach a 'take off' stage, but, so far, no committee or study team appointed by either the Union Government or State Governments has even taken up this plea for consideration, let alone the question of pronouncing

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a favourable (or unfavourable) verdict upon it. The advocates of 'constitutionalisation' of panchayati raj have also failed to evolve a comprehensive blue print in this regard, although a few years ago a foreign scholar did publish in the Indian Journal of Public Administration what he called a "Trial Plan for a Constitution for Rural India"; but his presentation was (a) article length. (b) academic, and (c) attracted almost no attention at all among Indian political (including panchayati raj) elite. It is, indeed, a foregone conclusion that any proposal for according a constitutional status to the panchayati rai institutions would meet with stiff resistance openly from State level political activists and the chances of introduction of such a far-reaching change in the political status of the panchayati raj institutions can be regarded as nil not only in the near but in the foreseeable future. Still this point is being mentioned here because, despite the odds, there is an outside chance of the Asoka Mehta Committee picking up the thread of panchayati raj reforms from the point at which the AIPP Seminar on Fundamental Problems of Panchayati Raj organised at Udaipur on January 22-24, 1964 had left it* on account of the intellectual continuities between the policies of the Janata Party and the political and academic elite who had gathered at Udaipur to make a strong plea for development of panchayati raj institutions as units of self-government—a concept on which Shri Jayaprakash Narain, who was personally present throughout the seminar and guided its proceedings at every stage, laid considerable emphasis.

POLITICAL OVERTONES OF PANCHAYATI RAJ ADMINISTRATION

While the terms of reference of the Asoka Mehta Committee do not contain any explicit reference to the role of political parties and/or local politics in the context of panchayati raj institutions, the Committee would have, nevertheless, to consider this question at least from the point of view of (a) panchayati raj elections, and (b) panchayati raj administration, the former being explicitly mentioned in the terms of reference. Turning our attention first towards the political overtones of panchayati raj administration we may mention that one of the inevitable consequences of 'democratic decentralisation' has been politicisation of local administration with the hitherto depoliticised bureaucrats becoming the victims as well as beneficiaries of the entrustment of administrative responsibilities in the hands of political executives. This is certainly one of the most unanticipated consequences of the introduction of democratic institutions for management of local administration. And the State level administrators, specially those responsible for execution of schemes with a large technical or technological component, regularly cite it as an argument against delegation of powers and responsibilities to

^{*}One of the main recommendations of this Seminar was that the "The Constitution should lay down as clearly as possible that the panchayati raj institution functions as governments in the same way as has been done for States and the Centre".

panchayati raj institutions, where the lines of technical control, administrative control and political control have, in their opinion, become so hopelessly confused that their panchayati raj counterparts cannot be expected to efficiently execute the schemes and projects requiring technical skills or technical supervision.

The technical officers working in the panchayati rai institutions are expected to work under a system of triple control; overall control and supervision by the panchayati rai non-officials, administrative control and supervision by the chief executive officers (CEOs) of various panchavati rai institutions and the technical guidance and supervision and control exercised by the State level technical departments and their regional and zonal wings and/or officials. Taking an example from Rajasthan where the panchavat samiti is the focus of decentralisation, this means that the extension officers (EOs) working at the block level are subject to control by the pradhan (elective chairman of the panchayat samiti), the vikas adhikari (the CEO of the panchavat samiti) and the concerned district level officers (DLOs) who. in turn, work under the supervision and control of their regional and Statelevel superiors in the concerned technical departments. Normally the multiplication of 'lines of control' and 'lines of command' as delineated above would be regarded as an issue calling for administrative streamlining, but the fact that one of the three tangled lines emanates from a political source (viz., pradhans) complicates the picture and imports political overtones into the situation with the vikas adhikaris and extension officers vying with each other to curry political favour with the pradhans and the entire team of panchayati rai officials joining hands with the non-officials to evade or dilute the administrative as well as technical control exercised by the State and regional level organisations. The emerging patterns of political relationship between the officials and non-officials working in close relationship in various panchayati raj institutions deserve, in fact, a full-fledged politico-administrative enquiry because the performance of panchayati raj institutions is crucially dependent upon the successful elimination of the political factor from the interpersonal relationship between the elective non-officials, technical experts and generalist administrators.

Turning now to the vexed issue of elections and politics in the panchayati raj institutions, we need not spend our precious energy covering the familiar ground again as far as the question of participation of political parties in panchayati raj elections is concerned. This is, essentially, a political issue and the various political parties should be allowed to take their own decision regarding participation and non-participation but an attempt must be made to ensure that panchayati raj elections are held in accordance with the norms of efficiency observed in the case for elections to the Union and State legislatures which are handled by a body enjoying a

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distinct constitutional status, viz., the Election Commission. Rajasthan, the State to pioneer the introduction of panchayati raj, had sought to ensure this by entrusting the conduct of panchayati raj elections to the election department which assists the Election Commission in the conduct of Lok Sabha and Vidhan Sabha elections and we would do well to examine the advisability of replication of this pattern of election administration in other States also because it would enable the panchayati raj elections to be conducted by an expert body without incurring extra expenditure for development of expertise in management of panchayati raj election by a separate agency. While this would still leave considerable scope for inter-play of politics in panchayati raj elections (in the sense that the tenure and timing of elections would still remain, essentially, a political decision to be taken by the organisational and ministerial wings of the ruling party) this step would go a long way towards ensuring free and fair elections to the various panchayati raj institutions.

The real crunch of the political overtone of panchayati raj elections lies, however, not in the question regarding the agency for conducting elections but rather in making a choice between direct and indirect forms of elections because, although direct elections on the basis of secret ballot and universal adult franchise have been accepted as the norm for legislative elections, the debate between the protagonists of direct and indirect elections has not yet been settled. The Balwantray Mehta study team, as already noted, had provided for direct elections only at the village panchayat level but other States have tried to blend the two systems of elections by providing for direct election of some members of the higher tiers and even in Rajasthan the Girdharilal Vyas Committee suggested limited direct elections for the panchayat samiti as well as the zila parishad. One will have, therefore, to go into the details of the electoral patterns prevailing in various States and make a choice for either total indirect elections for panchayat samitis and zila parishads or for total direct elections or blend the two methods so that while the bulk of the members of the panchayat samitis and zila parishads may continue to remain indirectly elected, a limited number of seats in these bodies may be filled up by direct election. On the basis of the academic studies and administrative reports about panchayati raj elections available, we find it difficult to make any categorical remarks about the criteria on which this choice should be based except to say that the panchayati raj electorate has shown adequate sophistication to express its political will, no matter what mode of election is used to elicit it and, therefore, administrative convenience should not be regarded as a key variable in this choice decision.

MEMBERSHIP OF PEOPLES' REPRESENTATIVES

In this context we would also like to urge as a non-issue the controversy over the membership of MLAs, MPs and MLCs in the panchayati raj

institutions because although considerable time and energy has been spent on discussing this issue at a variety of forums no reliable evidence has been brought forward to show whether the presence of these legislators makes a positive or negative impact on the performance of the panchayati raj institutions. Rajasthan, for example, has gone the farthest by providing not only ex officio membership to the legislators but also giving them the right to vote and hold elective office but no clear evidence is available to allow us to make a choice between total acceptance and total rejection of this model and the same logic applies to the variations put into practice by other States including Maharashtra where they are kept totally out of the panchayati raj institutions. This issue has been debated inconclusively for such a long time that it is better to leave the matter in the hands of individual States without attempting to lav down any general formula. This is specially because the issue involves the political interests of the people who are themselves responsible for lawmaking and who can be expected to make proper use of their discretion when they themselves are involved.

Similarly, we might also refrain from political engineering in the context of panchayati raj elections by suggesting monetary or administrative benefits or bonuses to panchayati raj institutions where elections are contestless. Unanimity and consensus are amongst the most value laden words in the vocabulary of Indian politics and many State Governments have tried to encourage these preferred virtues by announcing special incentives for contest avoidance in panchayati raj elections, treating non-contest as an index of unanimity. The practice has persisted despite the Santhanam Committee's considered opinion that securing of unanimity through incentives like cash prizes was not desirable because though, in the short run, the provision of cash incentives may succeed by enabling the majority of a village to suppress the minority on the ground that contest would cause pecuniary loss to the village, its moral effect would not be wholesome. The logical force of this contention has not been diminished by the available empirical evidence relating to the positive benefits of electoral unanimity and there appears to be no valid reason for perpetuation of the practice of giving special incentives for the specific purpose of inducing the potential candidates for panchayati raj institutions to withdraw in each other's favour thereby presenting the electorate with a fait accompli. Giving monetary incentives for contest avoidance appears to be a patently political activity in which a democratic government should not, ordinarily, indulge.

TRAINING OF PANCHAYATI RAJ NON-OFFICIALS

While dealing with the topic of politics and panchayati raj institutions we would like to strongly urge a thorough scrutiny of the existing arrangements regarding the training of panchayati raj non-officials and take measures for

strengthening training because the experience of the last one and a half decades has shown that neither the State Governments nor the panchavati rai nonofficials have taken it seriously. The panchayati raj non-officials being elected representatives tend to regard all training as formal and text bookish while the State Governments are reluctant to spend large sums upon training people who are not likely to remain in office for a long time to make use of the training imparted to them. However, since only a small fraction of the people once elected to any office in the various panchayati raj institutions are likely to drop totally out of public life, the force of this argument is considerably reduced. The State Governments should continue to make arrangements for training a large number of panchavati rai non-officials overcoming their propensity to put off summons from the panchayati rai training colleges on one ground or the other. While the issue of syllabus-formation and teaching methods can be tackled on a technical plane, the question of persuading the panchayati raj non-officials to attend training courses should be given full attention as even the provision of negative sanctions for repeated non-attendance has not proved to be effective in this regard and a large number of panchayati raj non-officials continue to remain ineffective in discharge of their duties while their administrative efficacy could be substantially increased at a nominal cost.

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Finances of Local Governments in India

M. J. K. Thavaraj

Local government is deeply rooted in Indian history. The excavations in Mohenjodaro and Harappa speak volumes of the organised urban life in ancient times. How cities like Pataliputra were administered is amply described in the annals of history. Indian experience may not be comparable to the city states of ancient Greece or Sparta. But municipal governments flourished in ancient and medieval India while the panchayat form of self-governance was widely prevalent in rural areas. The village panchayats might have had a caste overtone and the cities may not have enjoyed the statutory basis similar to those extended to medieval cities in western Europe. Within the feudal or semi-feudal structures prevalent in those days, local governments offered a stable basis of organised life at the local level. This grassroot system of decision-making in matters affecting the lives of the people within their immediate environment had shown remarkable continuity and stability despite frequent changes of power at the superstructural level and redrawing of the boundaries of the political map of India.

The national consciousness which was growing during the British rule and the revivalist tendencies associated with the liberation struggle looked at the Indian tradition in grassroot democracy with pride and satisfaction. Liberal ideas that had grown with modern education created an appreciation of the importance and need for local self-government. Jawaharlal Nehru regarded local self-government as the basis of a true system of democracy. Decentralisation is both a method of administration and a way of life. In a federal democracy, local level provides a third layer in the framework of government. But the local governmental system introduced under the British rule was not built on indigenous foundations. It was more in the nature of an attempt to transplant the British concept and system of local government to Indian soil than a revival or resurrection of the Indian brand of local democracy. But a good deal of traditional local taxation was retained.

The local governments of today are a curious mixture of indigenous and western elements. Perhaps they were consciously developed to offer limited opportunities to the rising middle classes to participate in the government at the grassroots. Indian involvement at the other levels of administration

was largely in the nature of employment rather than of popular political participation. No doubt, the educated middle class was clamouring for greater opportunities for employment at the higher echelons of administration as well as for participation in the political process. But political involvement at the provincial and central level did not materialise till after World War I. Local self-government was the only avenue for any such participation.

EVOLUTION OF LOCAL GOVERNMENT UNDER BRITISH RULE

Local government as is known today was first introduced in the city of Madras when Sir Josia Childs obtained a Charter from the British Emperor, James II, to set up a local town council on British lines at Madras which was formally inaugurated in 1688. Bombay and Calcutta followed suit. But only in 1793 was a statutory backing given to municipal administration. The administrative set-up and design of local finances were mainly modelled after the British system of local government. A comprehensive legislation for the introduction of muncipal administration throughout India was passed in 1850.

Centralisation was the tenor of British administration in India. But in the sphere of finance, centralisation gave rise to irresponsibility on the part of provincial governments and waste and inefficiency. The local self-government introduced in the presidency capitals and mofussil towns was to create local responsibility for providing civic amenities under the legislation enacted in 1842. They were also empowered to levy a house-tax. The Act of 1850 which was applicable to the whole of India provided for the levy of indirect taxes by these bodies. Octroi was the mainstay of indirect taxation. Municipal rates and cesses were the other important sources. But these resources were far too inadequate to meet the basic needs of civil amenities. The municipal committees set up under the Act had to work under so many limitations and the scope for self-government was more illusory than real.

Mayo's scheme of 1870 brought about some change in the framework of local self-government. According to the Local Finance Enquiry Committee of 1951, local self-government as a conscious process of administrative devolution and political education dates from the financial reforms of Lord Mayo's Government. While commenting of the Mayo's resolution, the Taxation Enquiry Commission of 1953-55 observed:

"There was, however, no comparable development of local self-governing institution in rural areas up to the year 1871, when Lord Mayo introduced his scheme for the decentralisation of administration. The scheme had a stimulating effect on the development of local self-governing institutions in the rural areas. Both types of committees, urban and rural, it may be added, were largely nominated and official. It was

implicit in decentralisation, as then conceived, that the emphasis was on the 'local' rather than on the 'self-government' aspects of the local self-government."

By 1880, the principle of local self-government had been put into practice only in the cities of Calcutta and Bombay and in a few towns of Central India and the North West Province. In other places, local administration and taxation were under the control of government servants.

Lord Ripon's resolution 1882 on local self-government was a new landmark in the evolution of local self-government in India. The resolution recognised the growth in the number of municipalities and their finances. But in terms of the enormous potential, the realised growth was but nominal. The Ripon resolution expanded the functions of local self-government by including aspects of public health, medical relief and education. Their sources of finance were also enlarged. These extra items of revenue and expenditure were transferred from the provincial budget and account heads to those of the local bodies. The growth of local government in the next 37 years or so was based on the Ripon scheme. There was a substantial increase in the number of municipalities during this period. A large number of district and local boards had also sprung up in the countryside. In general, the local bodies were severely constrained by the system of sanctions and financial controls exercised by the government. No fresh taxes could be imposed; no loan could be raised; no work of importance could be undertaken; and, no reappropriations could be made without prior approval. Any deviation from the budget was frowned upon by the government which wanted to keep local finances under short leash.

The Decentralisation Commission of 1907-09 examined the entire subject of local self-government as part of its review of the financial and administrative relations between the central and provincial governments. Based on the evidence gathered, the Commission commented how inadequate the resources placed at the disposal of the local bodies were for a proper execution of the duties assigned to them. The resolution of 1915 that followed made specific reference to the smallness and inelasticity of local revenues and the difficulties involved in designing new forms of taxation. Local self-government became a provincial subject under the Government of India Act of 1919 which laid down a schedule of taxes which could be levied only by or for the local bodies. The items reserved for the local bodies were: tolls, tax on land and land values, tax on menial and domestic servants, tax on animals, octroi, terminal tax, tax on trades, professions and callings, tax on private markets, charges and fees for rendering various services such as water supply, lighting, drainage provision of markets and other public conveniences. Nevertheless, the Taxation Enquiry Committee of 1925 which examined the problems of

taxation at various levels of government was convinced that the finances of the local bodies all over the country were inadequate for the services which they had to perform.

Provincial autonomy envisaged under the Government of India Act of 1935 was expected to give further impetus to the development of local government. Under the new arrangement, almost all the provinces enatced legislation for further democratisation of local bodies. But the 1935 Act repealed the scheduled taxes and rules introduced under the 1919 Act. Local government was not accorded a constitutional status. There was no separate list of revenue and expenditure relating to local government in the constitution or in its schedules. Local bodies had to derive their powers from the provincial legislature. Consequently, provincial autonomy did not bring about any noticeable improvement in the finances of the local bodies. In fact, the great depression of the thirties engulfed the entire capitalist world and led to the emaciation of the public finances of the metropolitan economies and those of their colonial appendages. Consequently, there was a shrinkage of the finances of the local bodies while their functions were enlarged. The terminal tax was included in the federal list and the demarcation between local and State taxes was done away with. According to the Local Finance Enquiry Committee of 1951, the charges envisaged under the 1935 Act were, on the whole, unfavourable to the local authorities because certain provincial governments had utilised certain sources of revenue which were formerly recognised as purely local taxes. This created new problems in designing an adequate and satisfactory system of local taxation. Paucity of finance affected the usefulness and effectiveness of the local bodies. Fresh proposals of taxation were subject to the prior approval of the provincial government. The weakening of the financial base of the local bodies led to their increasing dependence on grants-in-aid from provincial governments.

Independence was expected to infuse vitality and strength to local governments. But there is no separate list in the Indian constitution exclusively for local governments. The position was not basically different from what obtained under 1935 Act. As observed by the Taxation Enquiry Commission of 1953-55:

"There are no taxes which are constitutionally reserved for local bodies. The States may assign any of the taxes on the State list either in whole or in part to local bodies—this enables the State Government to exercise a degree of supervision and control over the affairs of the local bodies."

This is more or less the situation in other federations. In Canada, the municipalities derive their incorporation with its associated powers, fiscal and otherwise, from the provincial governments concerned. In Australia, the

system of local government is based on the principle of grant of specific powers by the state legislature to them. In the United States, the states are, by law, the complete masters of the local governments. There, the concept is based on 'Dillon's Rule' after Justice Dillon of the Supreme Court of Iowa who declared:

"Municipal corporations owe their origin to, and derive their powers and rights wholly from, the (state) legislature. It breathes into them the breath of life, without which they cannot exist. As it creates, so it may destroy, if it may destroy, it may abridge and control."

This is very true of local governments in India. They are financially and politically dependant on the State Government. During the last few years many of the local governments were superseded; bureaucratic elements dominate many of them; most of them are financially anaemic and politically subservient to certain dominant classes and narrow sections of the population. The quality and volume of civic services deteriorated during this period in several places and localities.

In a way, the problem of State-local financial relations is similar to that of the Centre-State financial relations in miniature. It is also true that the narrowness of the circumstances of State Governments has severely constrained their ability to straighten out and strengthen local finances.

The States have had the initial disadvantage of losing some of the lucrative tax heads. The ones which were entrusted to them were not elastic or buoyant. Their power of independent borrowing is severely circumscribed. Hence the States have become increasingly dependent on the Centre for resources. In particular, the discretionary element in Central transfer to the State has become predominant. Fiscal dependence of the States has to a large extent determined the fiscal status of the local governments. States which look to the Centre for their resources can neither ensure fiscal independence of the local governments nor transfer adequate resources to enable them to perform the functions devolving on them. Viewed against the background of the weak foundations on which local finances were built during the British regime, one could say that the grassroots of democracy in India have always been undernourished.

PATTERNS OF LOCAL GOVERNMENTS

Local governments in India fall into two main groups, viz., the rural local governments or panchayati raj institutions and urban local governments. The panchayati raj covers the rural population and consists of a three-tier system of popular institutions from the village to the district, formed on

democratic principles and organically linked. The urban areas, which cover one-fifth of the population, comprise five different types of municipal bodies constituted with reference to character, size and importance of different towns and cities. These rural and urban local institutions are governed by separate enactments in each State.

Urban local authorities are created keeping in view the local needs and importance of the local area. Since the panchayati raj covers the entire rural area, giving the status of an urban local authority to a certain area means only a change in the form of local administration. At present, there are five types of urban local authorities:

- (a) Municipal corporations;
- (b) Municipalities;
- (c) Notified area committees;
- (d) Town area committees; and
- (e) Cantonment boards.

The first four are created under State municipal laws while the canton-ment boards owe their origin to a Central Act called the Cantonments Act, 1924. There are wide variations in the pattern of the urban local authorities, sometimes even within the same State. All the five types are not found in every State. Uttar Pradesh is the only State which has all the five types. Municipalities are found everywhere. Rajasthan has nothing else but municipalities. The municipal institutions stand on their own and have no democratic controlling agency below the State. The control at the intermediate level is exercised by an official of the hierarchy of the State administration and these authorities do not have any relationship or link between them.

Structurally, these authorities follow more or less the same pattern in all the States—the elected council, the system of committees, the municipal executive, the powers of taxation, functions, etc. The principles governing these aspects of local government are basically similar. Differences exist only in size and area of the city/town, the size of the council, the extent of delegation of authority and the quantum of control exercised by the State authorities. Municipal corporations enjoy more autonomy and are somewhat more strongly placed in their relation with the State Governments and also in matters of mobilisation of resources, etc. The municipalities, however, have to depend much more on State Governments both in administrative and financial matters.

The municipal functions enumerated under the various Acts can be classified into two: obligatory and discretionary. An obligatory duty is one the

municipal authority shall make adequate provision for. In respect of discretionary duties, the local authority may, in its discretion, undertake them wholly or partly. This does not necessarily mean that the local authority cannot incur expenditure on a discretionary function unless all the obligatory duties have been satisfactorily performed. These Acts generally permit municipalities to undertake any measure which is not specifically named but which is likely to promote public safety, health, convenience, etc. The sphere of municipal administration is also being enlarged by certain special Acts like the Shops and Establishments Act, the Prevention of Food Adulteration Act, the Minimum Wages Act, etc. Likewise, the town planning legislation entrusts the municipalities with certain obligations in regard to planned development to be carried out in their areas. Apart from these statutory functions, the responsibilities of the local authorities have been growing in the wake of rapid urbanisation, whereby there is continuing and mounting pressure on the civil facilities and amenities. While the scope and area of the functions have been widening, there is no matching effort by the State Governments to ensure adequate finances to these authorities. The local authorities have not displayed much initiative in raising their revenues internally. According to the Committee on Budgetary Reforms in Municipal Administration, urban local authorities can meet their challenges only when adequate financial resources are made available to them, sufficient powers and authority are bestowed on them, and the institutional and administrative structure is strengthened.

In pursuance of the Balwantray Mehta Committee report on democratic decentralisation, the panchayati raj institutions have been entrusted with all functions at the local level including developmental functions. This is not quite the case in urban local authorities. Most of them have not been carrying out development functions for a variety of reasons. The primary reason is the lack of finances. The State Governments have also been hesitant about entrusting these functions to them. The result is the creation of special development authorities. The city improvement trusts set up under special enactments in Bombay, Calcutta and Uttar Pradesh did not have the perspective and powers for taking care of future developments. The powers and functions of the improvement trusts were limited to different schemes of development and redevelopment, prepared and executed by them, without integrating them with the development of the city as a whole. Only the master plans initiated under the third plan adopted a comprehensive approach to regional planning. But the follow up of these plans was inadequate mainly due to lack of finances. An organic link between the special development agencies and the local authorities was also found wanting. In course of time, some of the improvement trusts have been transformed into new development authorities. Some of them have later on been merged with the municipalities. At present, in Uttar Pradesh, the municipal corporations are empowered to perform planning and development functions. Delhi has powerful civic

authorities and a high powered development authority. Both have independent status. While the Delhi Municipal Corporation (DMC) is a popular civic authority, the Delhi Development Authority (DDA) is a nominated body consisting of official as well as non-official members. In the matter of development both have to function in close coordination and cooperation. The DDA has to synchronise its development activities with the provision of water supply, sewerage and drainage facilities which continue to be managed by the DMC. Besides, the maintenance of services in the new colonies has to be ultimately entrusted to the DMC.

The Calcutta Metropolitan Development Authority (CMDA) embraces 3 municipal corporations, 31 municipalities, 63 non-municipal urban units and 116 semi-urban anchal panchayats in the Calcutta metropolitan district. The CMDA is set up under a special statute and provided with various functions and powers to raise funds and administer, supervise and coordinate development programmes. The status authorises CMDA to undertake any development work in the jurisdiction of any local body without its concurrence. To that extent, the powers of these local authorities stand abridged. The civic authorities in the metropolitan district function as agencies for CMDA for implementing various schemes and programmes initiated by CMDA in their jurisdiction. The Calcutta Corporation is one such agency. In Madras, there are a number of special purpose authorities like the Slum Clearance Board, the Housing Board and the Madras Metropolitan Development Authority. In Bombay, the municipal corporation takes care of development functions also within its areas. For looking after development needs on a wider regional basis, other autonomous authorities like the Maharashtra Housing Board and the City and Industrial Development Corporation have been set up. Some of the States are also contemplating separate boards for sewerage, drainage, water supply, etc. Thus there is no clear pattern of relationship between the civic authorities and development authorities set up in the different cities.

The Balwantray Mehta Committee regarded democratic decentralisation as necessary "to evoke local interest and excite local initiative in the field of development". While endorsing his report, the National Development Council emphasised the need for a diverse pattern of panchayati raj institutions according to conditions prevailing in the different States. Even so, there are some broad similarities in the basic institutional structure of panchayati raj in the States. In all States, the panchayat is the basic unit of local government. In some of the States gram or village is the basic unit having a body of elected representatives called panchayat. The next tier in panchayati raj is the panchayat samiti. It is also called the anchal panchayat or the panchayat union. Sometimes, the panchayat samiti is co-terminus with the community development block. In most cases, the panchayat samitis are

indirectly elected bodies, the presidents (sarpanchas) of the constituent bodies being the members. There is also direct election to panchavat samitis in Assam. In Tamil Nadu and Punjab, every panchayat has to elect its representatives to the panchayat samitis from among its members. Orissa provides for one of the panchas to be elected to serve the panchavat samiti in addition to the sarpanch. In Maharashtra, the councillors of zila parishad directly elected from the divisions in a block area, become the ex officio members of the panchayat samiti. The highest tier is the zila parishad. The parishad is not always co-terminus with the boundaries of a district. As in the case of the panchayat samiti, members of the zila parishad are, in most cases, indirectly elected with the presidents of the panchayat samitis, local MLAs and MPs as members. Some cooption is also made to represent women, scheduled castes and tribes. In Gujarat, Punjab and Uttar Pradesh additional members of the panchayat samiti are elected to serve on the zila parishad. The only exception is Maharashtra where a pre-determined number of councillors are directly elected from the electoral divisions in the district. but the organic link is established with the panchavat samiti by making the councillors members of the corresponding panchayat samitis.

The functions of the panchayats can be classified as: (a) civic amenities, (b) social welfare activities, and (c) development work.

Sanitation, conservancy, public health, street lighting, safedrinking water supply, maintenance of village roads, culverts, schools, etc., come under civic amenities which are generally obligatory, while the other activities which are optional include setting up and maintenance of library, reading room, community hall, playground and recreation facilities, maternity and child welfare centres, cart and bus stands, burial ground, etc. As regards development work, the panchayats generally function as agents of the samitis or zila parishads. The panchayat samitis took over the development functions performed earlier by the community development block. Besides, it has also to perform civic functions such as the administration of primary education, health and sanitation, including rural dispensaries, and maintenance of village roads and minor irrigation sources. In many States, the panchayat samitis have been entrusted with the supervision and control of panchayats, including the scrutiny and passing of their budgets. But the execution of works like construction of school buildings, roads, etc., is generally entrusted to panchayats, the latter making some contribution towards the cost.

There are noticeable differences in the constitution and functions of zila parishads in the different States. In some States like Tamil Nadu, Rajasthan and Punjab, it is a purely advisory and coordinating body which periodically meets and discusses the various problems that arise in connection with panchayati raj and the development schemes of the district. Maharashtra stands at

the opposite end where the zila parishad is the most important self-governing body with large executive functions including provision of primary and secondary education, district roads, hospitals and dispensaries, health and sanitation, etc. The panchayat samiti in Maharashtra is mainly the implementing agency of the zila parishad. The chief executive officer of the zila parishad is of the rank of the district collector and the zila parishad has powers of supervision over the panchayat samitis and panchayats. Andhra occupies an intermediate position insofar as its zila parishads have limited executive functions like the administration of secondary schools and distribution of grants received from the State for social welfare, etc. According to the report of the study team on panchayati raj finances, though panchayats in many places made genuine efforts to discharge their functions, there were instances where they were not discharging even the minimum obligatory functions largely due to the paucity of funds. In these places, even the basic civic amenities like safe drinking water supply, sanitation and conservancy, etc., were conspicuous by their absence. Nevertheless, they had shown greater initiative and enthusiasm in constructing school buildings, community halls, panchavat ghars and village approach roads through local contributions and government matching grants, but were unable to maintain them in good repair. The panchayat samitis were also found to be unable to exercise any initiative in instituting special programmes or development projects of their choice because they did not have independent sources of revenue. Most of the grants they had received were tied to specific projects and they could act merely as agencies for implementation. The schematic pattern of community development programme is not sufficiently elastic to provide much scope for their initiative. In the case of zila parishads, wherever they have executive functions. the scarcity of resources has the same limiting effect on their activities as in the case of the samities.

FINANCES OF LOCAL GOVERNMENTS

The basic problem of local governments in India is finance. In a sense, scarcity of resources in India is not a phenomenon peculiar to local bodies. As a matter of fact the entire economy is constrained for resources. But, within an environment of overall scarcity, the sense of denial and deprivation is most pervasive and acute in the case of local bodies. The paucity of resources at the local level is all the more agonising because it is at the grassroots of democracy that the dissatisfaction about the frustrated needs of the people is most keenly felt and articulated.

Taxes, shared taxes, grants, non-tax revenues and loans are the major sources of finance for local bodies. Some of the taxes are levied and collected by the local bodies themselves or by other bodies as their agents. Others are

levied by the local bodies and collected by the State Governments. The main taxes levied by the municipalities are:

- (a) taxes on property, rates on buildings and lands including open land —general rate and service taxes—and the duty on transfer of property;
- (b) taxes on goods—octroi and terminal taxes;
- (c) personal taxes—taxes on callings and employments, taxes on circumstances and property, terminal tax on passengers including the pilgrim tax;
- (d) taxes on vehicles and animals; and
- (e) theatre or show tax.

The scope of taxation is somewhat larger in the case of municipal corporations in view of the broader functions they are expected to perform. The taxes levied by them are property taxes, taxes on vehicles and animals, theatre tax, education cess, tax on trades, professions and callings, tax on companies, tax on transfer of property, tax on advertisement, etc. Though the tax heads of the corporations are not very extensive as compared to the municipalities they are exploited more intensively. The main components of property tax are general house tax, water tax, lighting tax, conservancy and drainage tax and fire tax. In most cases, property tax is levied on the basis of the annual rental value of the land and building. In a few, the tax is related to the capital value of the property without taking into account the income derived from it. Octroi is levied on the entry of goods into a local area for consumption, use or sale. The origin of octroi as a local tax can be traced as far back as the 'chungi' of the Mughal period, the Sikh 'dharat' and the 'muhtaraja' of Maratha towns. Historically, octroi has been an important and traditional source of revenue to local government. Whenever levied, it accounts for a substantial share of the total tax revenue of local bodies. But octroi is severely criticised because of its inherent defects such as its regressive incidence and vexatious, cumbersome and costly administration. It also obstructs a free movement of goods. Despite its lucrativeness, octroi has been universally condemned by all commissions and committees. There have been some attempts to abolish or merge it with sales tax. The Jha Committee has also recommended its abolition.

Property tax and octroi account for the bulk of local finances. Among the other taxes, taxes on professions, trades and callings are mentioned in entry 60 of the State list in the seventh schedule of the Indian constitution. Clause (2) of Article 276 limits the scope of its levy to Rs. 250 per annum. This is to avoid double taxation of income by the two layers of government. Though the tax on animals and vehicles is widespread it does not amount to much. The power to levy stamp duty in respect of documents other than those specified in the Union list is vested in the States. In some of the States,

local bodies are empowered to levy a surcharge on stamp duty imposed by the State Governments. The basis of the levy is the value of the property as stated in the registration deed.

Non-tax revenues consist of receipts from fees and fines, incomes from remunerative enterprises and other miscellaneous sources. Grants and contributions from the State Governments are also included under this head. The primary purpose of collecting fees and fines is regulation and control of trade, markets, industrial establishments, eating places and so on, rather than resource mobilisation. School fees are also included under this head. Revenues from remunerative enterprises comprise of incomes derived from letting out market places and slaughter houses, commercial buildings, cinemas, exhibition grounds, stadia, hotels and restaurants and other municipal properties. At present, public utility services are provided by special authorities whose revenues and expenditure do not directly enter the budgets of the local bodies. Most of those who have enquired into local finances have been against the idea that local governments should directly create and operate commercial undertakings. Tax sharing is one of the avenues of augmenting the revenues of the local bodies. Such sharing is done in respect of entertainment tax, motor vehicles tax and so on. The shared portion has not been significant. Grantin-aid does not occupy a prominent place in local finance as is the case in State finances. Grants are broadly classified as recurring and non-recurring. The former are given by State Governments to meet the gap in their recurring expenditure and they are paid annually. Non-recurring grants are provided for meeting the initial capital expenditure of specific projects such as water supply, school buildings, etc. Recurring grants may further be divided into general and specific. The general purpose grants are utilised to augment the general revenues of the local bodies for discharging their normal functions. There are no conditions attached to them

Specific grants are earmarked and tied to specific purposes such as education, medical and public health, road maintenance, etc. These are intended to induce local action in desired fields as part of a national or State level policy and in providing the desired measure of control over the quality of the services. The amount of grant is determined on the basis of the matching formula, population, *per capita* income and expenditure, revenue gap and other considerations. There is, however, no uniform criteria for current fiscal transfers from the State to local bodies.

Borrowings of urban local bodies are regulated by a Central law known as the Local Authorities Loans Act of 1914. Based on the above Act, the exact borrowing powers of local bodies are defined in the respective municipal laws defining the limits and purposes of their borrowing. Prior permission of the concerned State Government is necessary for such borrowing. The local

bodies are given access to open market loans and negotiated loans which include loans from banks, Life Insurance Corporation (LIC) and other financial institutions. But all proposals relating to loans from the open market or from the LIC are required to be cleared by the Reserve Bank of India.

There are, however, some significant differences in some of the salient features of the borrowing operations of the municipal corporations and other urban local bodies. First, municipal corporations can borrow only for developmental activities and for repayment of debt charges. But municipalities and other urban local bodies are permitted to raise loans for capital works, for relief work during times of famine or scarcity, for the prevention of dangerous epidemic diseases as well as for discharging previous loans. Secondly, the maximum period for which loans can be borrowed by municipal corporations is sixty years as compared to thirty years for municipalities. Thirdly, municipal corporations can raise loans on the security of their immovable property also. Municipalities can borrow on the security of their funds only. In practice, except the municipal corporations, all other urban local bodies depend largely on loans from their respective State Governments.

As for panchayati raj institutions, they are empowered to levy taxes on persons, property and business. They include general property taxes, service taxes, taxes on land revenue, on rent of land, taxes on trades, profession and callings, taxes on animals and vehicles, octroi, pilgrim tax, taxes on fairs, etc. Besides, the panchayats collect fees for services rendered, licence fees and fees in the nature of fines and penalties. In many States, government properties like unoccupied land which can be managed by local authorities vest in the panchayats. Ponds and tanks as well as fairs and markets yield some income to the panchayats.

Broadly, there are three types of grants given to the panchayats, viz., general purpose grants accruing to all panchayats, additional general purpose grants made available to the poorer panchayats from equalisation funds and specific grants. Surcharge on stamp duty is another source of revenue to the panchayats.

Entertainment tax is also shared with panchayats. In some States like Orissa the revenue proceeds from the sale of *kendu* leaf is shared with panchayats and samitis. Some State Governments give a matching grant for larger proceeds arising from higher rates and efficient collection. All these grants and fiscal assistance did not add upto more than 50 paise per head of population in most of the panchayats in the early sixties. The study team on panchayati raj finances pleaded to raise the minimum maintenance assistance to one rupee per head.

Earlier, district and taluk boards enjoyed some important sources of tax revenue such as land cess, stamp duty on transfer of property, profession tax, tax on property, tolls, etc. In recent years, these bodies are integrated with panchayati raj institutions along with their sources of revenue. In fact, the samitis have become permanent units of local government at the block level. The development budgets of the samitis are based on the block schematic budgets. Education, health, roads, etc., figure prominently in the samiti budgets. Flexible sources of revenues are found necessary to finance these functions in conformity to the needs of the local level. The study team on panchayati raj finances suggested that at least Rs. 10 per capita of rural population should be allotted during the fourth plan for this purpose in addition to the normal plan outlays. The committee recommended that elementary education should be financed on a simple formula based on a per capita or per pupil grant. The objective is to achieve universal primary education. The other major items of committed expenditure of the samitis are inter-village roads, minor irrigation schemes, rural medical and veterinary dispensaries. maternity centres, sanitation services and the like. To the extent the resources made available through schematic budgets were found to be inadequate, the committee recommended the use of general and specific grants-in-aid to the samitis from the State Governments.

Whenever zila parishads shoulder executive functions, matching their responsibilities with the requisite finances has been a nagging problem. In Maharashtra, the zila parishads have taken over the entire functions of the government at the district level except law and order, justice, national and State highways, college and university education and institutions of importance for the State as a whole. In Andhra Pradesh, the zila parishad manages the government secondary, vocational and industrial schools, distribute plan funds and determines the increased annual quota of teachers, etc., among the samitis. In Maharashtra, all the district officers and most of the institutions like agriculture, education, animal husbandry, health, etc., have been transferred to zila parishad whose chief executive officer is of the rank of district collector. On the resources side, 70 per cent of land revenue was assigned to zila parishad. But this was more or less a static and regressive source. Resources raised on the initiative of the zila parishad are limited. Hence, the major component of their finance consists of various kinds of grants-in-aid. As for loans, panchayati raj institutions could have only limited access. The bulk of this limited amount is extended by the State Governments as loans and advances. The study team on panchayati raj finances felt that panchayati raj institutions require loans to finance public utility undertakings like water supply, drainage and electric lighting, construction of shops, markets, hotels and cinema houses, trading in agricultural inputs and equipment, scientific pisiculture, various kinds of industrial undertakings, etc. They were convinced that loans from State Governments would be far too inadequate to meet the

need for borrowed funds. Hence they suggested that a panchayati raj finance corporation with an authorised capital of a crore of rupees where the panchayati raj institutions, Central and State Governments, the Reserve Bank of India, the LIC, the cooperative and commercial banks as well as other financial institutions having branches in the State would participate.

TABLE 1
Sources of Finance of Local Bodies

Sources of Finance	1951-52		1960-61		1965-66	
	Amount	Per- centage	Amount	Per- centage	Amount	Per- centage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Rates and Taxes	22.9	33.8	73.8	40.6	28.2	38.5
Grants-in-aid	2.9	4.3	9.3	5.0	12.7	4.5
Loans	8.0	11.7	28.4	15.6	40.8	14.0
Other Receipts	34.1	50.2	70.4	38.8	12.5	43.0
Total Receipts	67.9	100.0	181.9	100.0	282.4	100.0
Source: Bulletin of to 1967.	he Reserve B	ank of Ind	ia, April,	1958, No	vember 196	2 and April

The finances of the local bodies, including panchayati raj institutions are given in Table 1. The data is more than a decade old. But the Table depicts the paucity of local finances on the one hand and the relative insignificance of grants and loans. Of course, these figures exclude special local authorities.

TABLE 2
Financing of the Urban Local Bodies
(Estimate for 1972-73)

(Rs. crores)

Sources of Finance	Amount	Percentage	Y ,
Tax Revenues	26.6	53.2	
Grants (including capital grants)	7.2	14.4	
Loans	4.9	9.8	
Other Receipts	11.3	22.6	
Total	50.0	100.0	

Source: Financial Resources of Urban Local Bodies and their Outlay, Mimeographed, NCAER, New Delhi, 1975, Tables 5.14, 5.15 and 5.17.

The estimated figures given in Table 2 excludes those of special authorities entrusted with some of the important developmental activities in the urban

areas. But Rs. 50 crores for a population of about 110 million living in urban areas give a *per capita* figure of less than five rupees which is ridiculously inadequate to meet the needs of the basic minimum of civic amenities of urban life.

Thus the basic issue in local finances is the overall constraint on resources reflected at all levels of government. But in view of the extreme concentration of resources in the Centre, the scarcity of finances is more acutely felt at the State and local levels. How can State Governments be more under short leash. The apathy of the Centre towards the States recoils on the local governments more viciously leading to an everwidening gap between needs and resources. Secondly, land is the main property base of both rural and urban local governments. Land revenue is both static and regressive. Panchayati raj institutions have tried to augment their resources by attaching various cesses and surcharges to land revenue which have only produced moles out of mountains. Unless agricultural taxes are radically redesigned, reliance on land related taxes are not going to produce the requisite tax resources to the panchavati rai institutions. The situation is somewhat different in the case of urban local bodies. The growth of urban population and its income as well as the relative intensity of industrial and commercial development in the urban areas has led to a tremendous appreciation of property value in the urban areas. But the urban local governments have miserably failed in this respect. The dominance of the propertied classes both in the rural and urban politics is at the root of this failure. There is a gross under-taxation of property apart from serious leakages in assessment. Even in a progressive State like Kerala, its taxation enquiry committee discovered that while the urban local governments are empowered to levy property tax upto 25 per cent of the annual rental value, most of them had not reached even half of the statutory limit. Similarly, the Kerala Panchayats Act had enabled the rural local governments to levy up to 10 per cent of the annual rental value of buildings. A large bulk of them were below the 5 per cent level. A more serious problem was the aweful inadequacy of the machinery for valuation. Unless, the evaluation machinery is equal to the task, much of the tax base will get seriously eroded. Similar evasion and under assessment is rampant in the case of stamp duty on transfer of property.

Thirdly, ad hochism dominates fiscal transfers to local levels. The extent and the basis of tax sharing as well as the principles of revenue and capital grants have been creating a lot of heart burn in the local areas. All over the world, fiscal transfers have evoked considerable friction and dissatisfaction. Fiscal relations have been particularly sour at the local level. In the United States, there is a sizable body of opinion in favour of direct federal action in dealing with the problems of city governments and other local bodies threatened by blight and poverty. In India too a feeling has been growing that the State Governments which are famished of funds cannot nurse the local

bodies with adequate food and nourishment needed for their health, strength and happiness. They think that a direct link with the Centre would revitalise local governments. But they seem to ignore the debilitating effects it will have on State finances and government. The best remedy may be to review the entire problem of Centre-State-local financial relations to bring about a radical realignment of their financial powers in close conformity with the functions which they are expected to perform.

Fourthly, even when the financial relations between the three layers of government are completely overhauled, there would still be a need for a balancing mechanism to fill the revenue gaps and iron out glaring inequalities in the service levels of various local governments. The Rural-Urban Relationship Committee of 1966 had suggested the creation of a municipal finance commission to deal with the devolution of finances from the State Governments to the urban local bodies. The taxation enquiry committee of the Government of Kerala had enlarged the concept and suggested the constitution of a local bodies finance commission for Kerala to deal with: (a) the allocation and distribution of land tax among the local bodies, and (b) the determination of the grants-in-aid to be given to individual local bodies having regard the revenues that could be raised locally with their best effort and their requirements for providing a minimum level of services and amenities to the people. Recently some attempts have been made in Madhya Pradesh, Gujarat and Kerala to formalise a grants-in-aid code along with the introduction of a system of general grants. Gujarat has introduced a system in which, along with a per capita grant, a system of weightage has been devised so as to relate municipal revenue efforts, administrative efficiency and expenditure priorities with regard to tax sharing also. Gujarat and Kerala have developed objective indices for allocation. They have set up State appointed finance commissions for the purpose of reviewing municipal finances periodically.

Fifthly, as noted earlier, the study team on panchayati raj finances recommended the creation of a panchayati raj finance corporation to meet the long-term financial needs of commercial activities and enterprises of the panchayati raj institutions. On the same lines, the Rural-Urban Relationship Committee has suggested the creation of a municipal finance corporation. Based on its integrated approach to problems of rural-urban continuum, the taxation enquiry committee of the Government of Kerala had recommended the establishment of a local finance corporation in Kerala for advancing loans to all local bodies seeking long-term capital resources for financing remunerative projects in transport, markets, cinema houses, hotels, etc. They expected that the authorised capital of the corporation may be subscribed by local bodies, Central and State Governments, financial institutions and commercial banks. Such banks were expected to ensure their commercial viability. However, the Kerala State Urban Development Finance Corporation Ltd., set up by the

Government of Kerala, has only an urban bias. Rural local governments are outside its scope.

A legitimate fear expressed in this connection if loan financing is limited to self-liquidating projects, is that many of the socially desirable projects may not qualify. The gap between commercial profitability and social desirability is bound to be large especially in the type of projects which may be of local interest which evince greater interest in civic amenities, social services and welfare programmes. Finally, local governments have shown conspicuous failure in mobilising surplus labour for capital formation in areas of local concern. The idea was incorporated in the community development projects which required that a portion of the project cost has to come from the local population as free labour or *shram dan*. The concept which had the blessings of both the Gandhians and the Keynesians did not materialise in the type of market-oriented economy which India has adopted. Consequently, the so-called contribution of free labour was more an accounting fiction than a genuine effort to convert idle or under-utilised labour into capital at the grass-roots of government.

It follows that where wage labour predominates the developmental efforts of the local bodies, resource mobilisation by way of utilisation of surplus labour is bound to fail. A starving mother like the State Government cannot ensure the financial health of the local bodies. This would call for a fundamental change in the financial relations of the various layers of government in India. However, within the existing framework, the taxation enquiry committee of the Government of Kerala envisaged a fourfold approach for strengthening local finances. First, the local bodies should be prepared to exploit to the full the tax heads placed at their disposal. Secondly, the State Government should devolve fresh sources of revenue to local bodies. This can be done by allowing them to utilise certain earmarked taxes and also by allocating them certain new taxes the proceeds of which might be distributed according to acceptable principles. Thirdly, there should be a well conceived system of grants-in-aid to meet the remaining gap in the resources of local bodies. Finally, a suitable system of loan finance to meet their needs of development has to be designed. The Committee of Ministers on Augmentation of Financial Resources of Urban Local Bodies (popularly called the Zakaria Committee) has also indicated the minimum fiscal transfer needed for the maintenance of municipal services at minimum levels of physical standard.

BUDGET, ACCOUNTS AND AUDIT

One of the unique features of the Indian financial system is the remarkable uniformity in the systems and practices of financial administration. This has been maintained even after a full-fledged federal system has been

installed. By and large, this has been possible because of the pivotal position enjoyed by the Comptroller and Auditor General of India in prescribing the format for budget and accounts and conducting audit on that basis. The Indian audit and accounts service was at his command in the performance of his functions. The system that was developed in British India was also extended to the erstwhile native states when their finances were integrated with the mainstream of Indian administration. The integrity of the system has been preserved even after the sweeping reform of the budget and account heads introduced from April 1974. Broadly speaking, the schematic budgets of the panchayati raj institutions have not involved in any modification of the system except in matters of minor details though the budget and accounts of rural local governments are manned by an accounts cadre created and maintained by each State Government. This is also true of the system of Treasuries manned by State cadres. The core of the general financial rules, codes and procedures as well as the system of financial control which are characterised by the greatest common measure even though the States are free to modify the system to suit their own needs and convenience. But the story of the urban local bodies is somewhat different. The general and local governments have something in connection with regard to the preparation, approval and implementation of the budget. But the agencies that are involved are quite different. As is the case with Central and State Governments, expenditure proposals emanate from the spending departments. But the procedure for authorisation carries some unique features. The general pattern in the municipal corporations is that the departmental proposals are compiled in prescribed form either in the general or in the accounts branch of the municipal commissioner's office. Thirdly, the commissioner submits the consolidated budget proposals to the standing committee for scrutiny/approval. The standing committee, after detailed scrutiny of the proposals, finalises the estimates and submits the same to the general body of the corporation, which is the final authority to pass the budget. However, in most of the cases, the budget estimates, after the approval of the general body, are forwarded to the State Government for information. The budget year and the cycle are more or less similar to the Central and State Governments. As for the municipalities, the departmental heads frame the proposals for their respective departments and submit them to the commissioner/chairman/executive officer and he sends it to the council either directly or through the standing committee, if any. After the council approves the budget, it is sent to the State Government through the respective district officers, namely, district collector/divisional commissioner and director of municipal administration for approval and sanction. There are exceptions to this general pattern. In some, no approval is required. It is simply sent for information and record. Normally, the proposals are initiated in October-November and are sent to State Governments by the end of February to mid-March for approval and sanction. Thus the essential difference in budgeting lies in the agencies involved and procedures followed in authorising budget proposals.

The budget estimates are usually classified according to the requirements of the Act into major heads, minor heads, primary units, etc., which resemble the classification in the Central and State Governments. In view of the functionally oriented departmental structure in many of the municipalities, the budget heads closely correspond to the functions, programmes and activities. Budgets are broadly divided into revenue and capital. There are aggregations of the budgets of various zones or wards. As in the case of the Delhi Municipal Corporation, some of the urban local governments make special provisions for works in different constituencies. The amount so provided is commonly known as the 'constituency fund' and is spent in the various constituencies at the instance and discretion of the concerned councillor.

Capital budgets relate to infrastructural facilities and development projects. As seen earlier there are severe constraints on the extent to which urban local governments can undertake capital works. They are broadly limited by the resources they can mobilise both internally and externally. As capital improvement programmes usually involve much larger financial outlays than revenue or maintenance expenditures, the task of matching the resources and the outlays becomes really onerous. There is also a suspense budget which contains intermediate budget head or block accounts. It includes heads like central stores, commercial department, municipal vehicles depots, etc., which render service to other executive departments. The suspense budget heads provide for entries where a direct allocation to financial budget grants cannot be made.

The system and procedure of financial control is more involved and cumbersome in urban local government. Though local bodies are statutory entities, the grip of control by State Government is somewhat light. The State Governments exercise direct control over local authorities through the Directorate of Local Government. Besides, the State functionaries at the intermediate levels like the district exercise some amount of control. There is also an internal system of financial control within the local authorities. The municipal laws provide wide powers of administration and financial control to the State Governments. The powers of financial control cover almost every aspect of financial management. Some of the measures employed for the purpose include the power of the State Government to:

(a) scrutinise and accord final approval to the municipal budgets;

(b) give clearance to certain type of municipal work;

(c) sanction expenditure exceeding a specified limit (even though provision may exist in the budget for incurring such expenditure);

(d) get certain works carried out in the event of default on the part of local authority and to recover the cost;

(e) lay down certain conditions for advancing loans and grants-in-aid;

- (f) require the municipal authorities to submit periodical returns, progress reports, financial statements, etc;
- (g) approve pay scales and strength of staff; and
- (h) give directions having financial implications.

The actual practice obtaining in the States, however, vary not only from State to State but within one State as well, depending upon the status and classification of local authority.

Within the framework of urban local governments in India, the municipal corporations enjoy a higher status and degree of independence in managing their affairs. The financial control of the State Governments on the affairs of the municipal corporations is, therefore, less rigid both in content as well as extent. Besides, control from the intermediate level below the State Government is almost non-existent. In the case of municipalities, however, the State Governments and their functionaries at the district/divisional leve's exercise more extensive financial control.

The Municipal Corporation Act enumerates the following authorities responsible for the affairs of the corporation:

- (a) the council;
- (b) the standing finance committee and other functional committees; and
- (c) the municipal commissioner.

Besides, there may be one or more committees supervising the functions of the utility undertakings like transport, electricity, etc. In the municipalities, however, the council, the chairman/president, the executive committee and the executive officer (in some States designated as secretary or commissioner) have been designated as the municipal authority. The financial powers are divided among these authorities but the extent of powers delegated varies among the municipal corporations and municipalities in different States. The financial powers could broadly be divided into five categories:

- (a) approval of estimates;
- (b) sanctions of contracts;
- (c) acquisition of properties;
- (d) disposal of properties; and
- (e) other financial powers.

The position of the commissioner in a municipal corporation is of crucial importance. He heads the executive wing and is, in his own right, one of the municipal authorities recognised in law. There are innumerable

permutations and combinations of financial powers in the various municipalities even within a single State.

As in the general government, accounts in the urban local governments are maintained on a cash basis. Heads of accounts conform to the budget heads. The present system of municipal accounting as well as budgeting serves the following needs:

- (a) it facilitates financial and legal accountability both from the executive and the deliberative authority and within the execution from the lower to the higher level;
- (b) it serves, though inadequately, to watch the progress of expenditure as part of expenditure control; and
- (c) it facilitates regulating audit.

In general, the audit of urban local government is not part of the establishment of the Comptroller and Auditor General of India. But, the Accountant General conducts internal audit for certain specific schemes assisted by the State Government. In municipalities, generally post-audit is conducted by the Examiner of the Local Fund Account which is part of the accounts cadre at the State level. Panchayati raj institutions are also audited by separate audit wings of the State Directorates of Accounts. Internal audit is not widely prevalent.

Financial management has been found wanting in many important respects. The basic weakness of the conventional system is that it lays emphasis on the financial aspects and does not relate the financial provisions with work done or proposed to be done. The modern concern is to make the system of financial administration a tool of planning and internal management. Accordingly the system of local financial administration has to be shifted from financial accountability to performance. For this purpose, the Government of India had constituted a Committee on Budgetary Reform in Municipal Administration which submitted its report in 1974. The terms of reference of the Committee were:

- (a) to undertake a comprehensive examination of the existing budgetary systems and methods, practices and procedures, including financial control in the municipal corporations and large municipalities;
- (b) to suggest improved budgetary systems, methods and procedures so as to make budgeting an effective tool of financial and general management especially in the contact of the need for planned developments of urban areas and implementations of development plans, programmes and projects;

- (c) to consider and make recommendations as to how budgeting reforms can contribute towards more effective financial management and resource mobilisation; and
- (d) to examine the desirability of introducing programme and performance budgeting in municipal government and the feasible ways in which these budgetary reforms could be achieved within a reasonable period of twice, etc.

The thrust of the Committee's report has been on the introduction of performance budgeting and related reforms.

According to the Committee, performance budgeting involves a clear definition of the goals and objectives; a long-term perspective for budgeting; identification and quantification of the physical outputs of the expenditure programmes and their measurement, a system of accounting which provides information on the cost of the various programmes related to the outputs and a system of continuous review of the implementation of the programmes and their evaluation. In fact, the entire report is a weak attempt to delineate some of these aspects. The importance of project planning and performance budgeting to capital projects is adequately emphasised.

The reforms suggested by the Committee in the area of financial control have been accounted on the elimination of the intermediate levels of control, streamlining the procedures and decentralisation. However, the report is somewhat biased against elected elements and seeks to strengthen the powers of the bureaucratic elements in municipal administration represented by the municipal commissioner or executive officer. The elected elements will only be kept informed about the exercise of executive power. It has also failed to apply its mind to the problem of excessive governmental control and the need for a fundamental control and the need for a fundamental reorganisation of the State-local financial relations. As for municipal accounting, the Committee has emphasised the need for reforms in three main directions:

- (a) adoption of commercial accounting in municipal enterprises;
- (b) relating municipal accounting to the needs of management; and
- (c) evolving a proper format for accounting which would be linked with the format of budgeting.

Relevant information to the levels of management for suitable decisions through periodic reports based on accounting and physical data is also found important. The need for the development of internal audit is also emphasised in the report.

Democratic Decentralisation: Theory and Practice

V. Venkata Rao Niru Hazarika

THE theory of decentralisation in the Indian political system is 150 years old. Prior to 1833, all provincial governments in India were separate clocks with separate main springs, working according to their lights. In that year, the superintendence, direction and control of the civil and military governments of all the territories and revenues were vested in the Governor-General-in-Council. Thus, a highly centralised type of government was brought into existence. An imperial system of government was accompanied by an imperial system of finance. Excepting in the case of cesses, which were levied principally for the maintenance of roads and schools, the provincial governments were absolutely dependent on the central government for everything. Such a system of financial administration produced disastrous consequences. The provincial governments were not responsible for augmenting their revenues. As a matter of fact, they had unfettered discretion in the matter of remission of revenues. Whenever a famine appeared, remissions were made liberally. In other words, the imperial system of finance was not conducive to the growth of the habit of economy among the spenders of public money.

On the expenditure side, the control which the Government of India sought to exercise failed miserably. As the Government of India was at a great distance from the provincial governments their knowledge of local needs was necessarily deficient. On the other hand, a common purpose, with unknown depth, encouraged the provincial government to secure as much money as possible from the general funds. The large grants made to the Bombay Government for public works were due to the pertinacity with which the wants of the province were urged by the government than to its real needs. The result was deficits in the central budgets. To overcome the deficits in its budgets, the Government of India adopted various devices. One of them was the partial transfer of the charges of a local character from the imperial to local accounts. This device was first adopted in 1870 when the Government of India issued its famous resolution on financial decentralisation. So the resolution of 1870, may be said to be the watershed of decentralisation.

THE IMPORTANT LANDMARKS

The resolution of 1870 enunciated two propositions. One was that certain services like roads, education, and medical relief should be treated as local and the funds required for their administration should be raised, in the main, by local taxation. The other and the more important provision was that in the management of these funds, opportunities should be created for the development of local self-government. The Resolution said: "Beyond all this, there is a greater and nobler object in view. Local interest, supervision and care are necessary for success in the management of funds devoted to education, sanitation, medical relief and local public works. The operation of this Resolution in its full meaning and integrity will afford full opportunities for the development of self-government, for strengthening local selfgovernment institutions and for the association of natives and Europeans to a greater extent than heretofore in the administration of the country." These ideas were embodied in the legislation of 1871 which transferred some of the powers, functions and resources to the local authorities. This was the first attempt at decentralisation of the functions of the Central Government.

Twelve years after the issue of the Mayo resolution, a second attempt was made at decentralisation. In 1882, the famous resolution of Ripon on local self-government was issued. Ripon is deservedly known as the father of democratic decentralisation in modern India. To him goes the credit for giving more prominence to the idea of local self-government than to the idea of mere local taxes for local services which was the dominant feature in the preceding period. The key-note of the Ripon resolution is that local selfgovernment should be the instrument of political and popular education even at the risk of a temporary period of administrative inefficiency. Ripon, therefore, laid down certain conditions for the decentralisation of authority. The provincial governments should establish a network of local authorities endowed with sufficient powers and functions. The jurisdiction of the local boards should be so limited in area as to secure both local knowledge and local interest on the part of each member. The district officer should not be the chairman of the local boards, whether urban or rural. The chairman of the board should be a non-official, elected by the members of the board. The strength of the non-official members should be substantial and wherever possible the members of the board should be elected by qualified rate-payers. The district officer should just watch the proceedings of the board, call their attention to matters requiring their action and remonstrate with them should they exceed the powers given to them. The British bureaucracy then in India, though with several credit points, was not interested in decentralisation of its powers. So the legislation of 1884 did not embody all the principles of decentralisation enunciated by Ripon. The preamble to the Local Acts made no reference to self-government. They simply said that the Acts were brought

into force "to make better provision for the organisation and administration of the local bodies in the provinces and to promote public health, comfort and convenience of the inhabitants of the local areas." However, although there was no political decentralisation, there was administrative decentralisation, i.e., some functions and powers were transferred to the control of the local authorities.

The next landmark in the history of decentralisation in local self-government was the publication of the report of the Royal Commission on Decentralisation. The most important of its recommendations were, first, the relaxation of governmental control over local authorities in regard to budgeting of funds for several services, the relaxation of controls over establishment and the delegation of functions to committees. Secondly, for the purpose of ensuring a sound financial basis for local bodies, certain sources of income hitherto controlled by the provincial governments were transferred to these bodies. Finally, the non-official members of the local bodies were in a majority and most of them were elected. The far-reaching aim of the Commission was the revival of village authorities, and endowing them with real powers and functions. But the Government of India and the provincial governments rejected most of the recommendations.

The next stage was the publication of the report on Indian Constitutional reforms in 1917. World War I had aroused new emotions and new ideas among the people of the country. The demand for home rule and swaraj became more and more insistent and irresistible. The British Government found it absolutely necessary to introduce some measure of responsible government. It was in pursuance of this policy that the report was drawn up. The report contained the formula that there should be, as far as possible, complete popular control over the local bodies and the largest possible independence for them from outside control. This was the minimum that should be done. To give effect to this policy another resolution was issued in 1918, in entire modification of the conservative views expressed in 1915.

The principal points of the resolution in 1918 were, first, elective majorities in all local authorities, nomination being retained to secure representation of minorities; a fairly wide franchise, elected chairman, as far as possible, full liberty to impose or alter taxation within the limits laid down by law; full control over their funds; free hand in the framing of their budgets; elimination of outside control over their establishments; and finally, freedom in several other directions. These principles were given effect to in the legislation of 1920.

IN RECENT TIMES

After independence, there was good deal of thinking on decentralisation

and the term 'democratic decentralisation' became the key item in the election manifestoes of all the political parties. During the long struggle for national independence, the leaders repeatedly promised the people that with the attainment of independence, the government would make every endeavour to improve the living conditions of the rural folk. In fulfilment of this pledge the Central Government introduced the community development and national extension programme. The aim of this programme was to assist each village to carry out an integrated plan, viz, increasing agricultural production, improving village craft and industries, organising new ones and providing minimum essential health services.

One defect of the community development and national extension work was that it failed to evoke popular interest and initiative. It was, therefore, thought that local interest, supervision and care were necessary to ensure proper expenditure of money upon local development schemes. It was realised that local interest and initiative would not be forthcoming unless there were representative and democratic institutions invested with adequate power and finance.

The second plan, therefore, stressed the need for a well-organised democratic structure of administration. The Planning Commission emphasised that panchayats should be the nucleus of planning and execution of schemes under the national extension and community development programmes. The Commission said that steps should be taken to reorganise the administrative set-up with a view to galvanise public opinion and develop in the people the spirit of self-help and initiative so that democratic bodies may take over the judicial functions and a few others relating to revenue administration.

To study this question and report on it, the Committee on Plan Projects appointed a study team known as the Mehta Committee. The Committee reported that the district boards were not capable of discharging the development functions because they had neither the tradition nor the resources to take up this work. Further, it was thought that the jurisdiction of the district boards was too wide to let them show sufficient attention to details. Again, the report said, it would not be possible to link village panchayats with district boards because each district contained several hundreds of panchayats. Also, the block advisory committee was not representative in character and, therefore, they lacked power and prestige. The district planning commission was even less powerful than the block advisory committee.

Therefore, the Mehta Committee suggested the replacement of these bodies by a single representative and vigorous democratic institution to take charge of all aspects of development work in rural areas. Such a body should be statutory, elected, comprehensive in its duties and functions, equipped

with necessary executive power and in possession of adequate resources. It should not be subject to too much governmental control. It must have the right to commit mistakes and learn by experience. It must be the voice of the will of the people in regard to local problems and be the main authority for the execution of all development programmes in the locality.

What should be the administrative area of this body? The Mehta Committee suggested that it should not be too small to become uneconomical and inefficient nor too big to defeat the purpose for which it is created. Obviously, the village panchayat is too small in area and population and financial resources to carry out all the development functions. Therefore, the Committee recommended that the administrative area of such a body should be coterminous with that of an extension block. The Committee argued that the districts are not suitable for the purpose because they are too large in area and population. The block on the other hand is larger than the panchayat to undertake the development functions and small enough to attract the services of the residents of the area.

The Mehta Committee suggested that each block should have a powerful instrument of the local people's will—a panchayat samiti, consisting of persons elected by the panchayat within the block. The elected members of the panchayat samiti may coopt the representatives of the fair sex, the scheduled castes and the scheduled tribes.

As regards the functions of the panchayat samiti, the Mehta Committee recommended that the samiti should concern itself with the development functions such as agriculture in all its aspects, including the selection of seeds, its procurement and distribution, the improvement of agricultural practices, the provision of local agricultural finance, minor irrigation works, improvement of cattle, sheep and poultry and promotion of local industries, the supply of drinking water, public health and sanitation and medical relief. In addition, it would act as the agent of the government for the execution of special development schemes and other activities. The State Government should not undertake any of these functions. Finally, the Committee recommended that the State Government must assure the panchayat samiti adequate finance as grant-in-aid.

The Committee also recommended the institution of zila parishads in addition to panchayat samitis to coordinate the activities of the panchayat samitis within its jurisdiction. The zila parishads will consist of the presidents of panchayat samitis, members of the State legislature and Parliament, representing the district in the legislature and Parliament, and the district officers—medicine, public health, agriculture, veterinary, engineering,

education, and public works. The district collector (DC) will be the chairman of the zila parishad and one of his officers will be the secretary.

As regards the functions of the zila parishads, they would scrutinise and approve the budgets of the panchayat samitis, coordinate and consolidate the block plans, supervise the activities of the samitis and replace the present planning committees. It would have no executive functions.

The State Governments accepted the recommendations of the Committee. They agreed with the Committee that district boards should have no place in the new set up and, therefore, they should be replaced by the panchayat samitis at the block level and that the functions of the district boards should be transferred to these bodies. The State Governments have argued that the district is the pivot of their administrative machinery and that, therefore, there is no need for any other authority at that level consisting of the representatives of the local electorate. At the same time, the governments realised that there was need for a permanent machinery at that level with advisory functions. So they brought into existence the zila parishads in each district for advisory purposes. It may be noted here that in Assam there were no zila parishads at the district level. There is *Mohkuma* parishad in each sub-division.

What is the constitutional structure of the panchayat samitis and the zila parishads? The panchayat samitis consist of four categories of members: the presidents of panchayat boards and town committees within their jurisdiction; persons coopted by the board to secure the representation of the scheduled castes and the scheduled tribes; two persons who have had experience in administration in public life or rural development; one director of the cooperative societies functioning in the block members of the legislative assembly, representing the block area in the legislative assembly; and such other members of the legislature as the government may specify.

As regards the zila parishads, they consist of the presidents of the panchayat samitis, MLAs, and district officers nominated by the government. In some states, the DC is the president of the zila parishad.

A CRITICAL EXAMINATION OF THE SYSTEM

The question now is whether there is genuine decentralisation, territorial or functional. We begin with the administrative areas. The need for two administrative areas in between the State Government and panchayats is of doubtful value. There is need only for one intermediate body and this body should not be the panchayat samiti in each development block, because each development block has an area less than a taluk and a population of about 60,000.

If we adopt the development block as the administrative area, in Tamil Nadu there would be as many as 216 panchayat samitis, besides 21 zila parishads. There are obvious reasons why we should dispense with the panchayat samiti. First, we may not find adequate number of men and women, imbued with civic consciousness to administer these institutions. Secondly, administrative expenditure and overhead charges will be enormous. A time may come when for want of funds, the panchayat samitis may collapse. Thirdly, these panchayat samitis are artificial and transcient phenomena. In the blocks there is no such thing as community feeling among the inhabitants. Therefore, it is suggested that the panchayat samitis should be abolished. In other words, there should be only one intermediate body between the panchayat and the State Government. What should be the administrative area of this body? It is suggested that each taluk, or sub-division, may have one local authority for the administration of local affairs. The taluk or sub-division is suggested because it has existed for a long time and the people of each taluk or sub-division have a feeling of oneness. Further, the area, population and resources of a taluk are sufficiently large to undertake the development functions.

It is, however, argued that each development block should have a panchayat samiti because a development block has a paid staff of 25 persons including the block development officer, seven extension officers (agriculture, animal husbandry, cooperation, village industries, and social education) and ten gram sevaks. The annual expenditure on the staff is about Rs. 55,000 and any reorganisation of rural self-government which does not make an effective use of this staff is obviously unrealistic.

This is no doubt a powerful argument in favour of the panchayat samiti. But it may be suggested that the jurisdiction of each development block may be coterminous with that of a taluk or sub-division. The Mehta Committee suggested the establishment of a panchayat samiti because it assumed that the development functions must be entrusted to the local authorities in the interests of efficiency and economy. None of the existing local authorities was competent enough for this purpose. The village panchayat is too small in area, population, and financial resources to carry out the development functions. The district or the taluk is too large for the purpose but the development block has an area large enough to undertake the development functions and yet, at the same time, small enough to kindle the spirit of service in the residents. The argument is, no doubt, logical. But there appears to be no closer examination of this thesis. The very assumption that the local authorities should be entrusted with all the development work is itself not sound. These local authorities are not capable of undertaking all the development work. Further, as Cole observed, there is an unanswerable case for a small local body because the prime object of local government is to create local communities and this is possible only in small areas. There is equally an

unanswerable case for larger local bodies at a higher level because of the very nature of the functions performed by them. There is no case at all for another intermediate body, the *anchal samiti*, between the village panchayat and the zila parishad. The *anchal samiti* is a fifth wheel in the chariot of local government.

THE COMPOSITION OF THE ANCHAL SAMITI

Let us take the composition of the anchal samiti and zila parishad. We think that the composition of these bodies is not satisfactory. The zila parishad consists of the presidents of all anchal samitis within its jurisdiction, the members of Parliament, members of the State legislature representing the area in the legislature concerned, besides certain officers appointed by the government. The anchal samitis also consist of the MLAs, representatives of the cooperative societies, and other officers. One of the basic principles of democratic bodies, from primary to the national, is that they must be fully representative and self-contained. The inclusion of MPs and MLAs is a flagrant violation of this basic principle. These two classes of members have enough work in their constituencies and they may not evince interest in the work of the boards. Also, they are elected on issues fundamentally different from those connected with these bodies.

Again, it is anti-democratic to include officers of the State Government as members of local bodies. There is no identity of interest between the officials and non-officials. Both perform distinct functions in democratic bodies and the distinction must be maintained. The distinction is that the non-official members are the policy makers and the officials are the suppliers of material for policy making. They, the officers, may dominate the non-officials in this matter. But that is a different matter. By the inclusion of the officers in the local bodies, the democratic content of these bodies has been obliterated, and the principle of decentralisation has been seriously undermined. So the contention of the Mehta Committee that "the time is long past when we could think of the officers' interest in rural development as something different from or contrary to that of the non-officials" is not valid. Policy making is the legitimate function of non-official members. They are the flute players in the terms of Aristotle. The supply of material for policy making is the function of officers—the flute makers.

There is another undemocratic element in the composition of the anchal samitis. The reservation of seats for the cooperative societies is undemocratic and, therefore, objectionable. A cooperative society is a restricted association intended for economic activities. In the nature of things, it cannot be open to all the citizens of the locality. It is admitted that the interests of the cooperatives must be protected. There are other means by which their interests may be protected.

Another undemocratic feature of the local authorities is the mode of appointment of members. Even today, some members of the local authorities. both urban and rural, are nominated by the government. Several of them are members of the lesiglative Assembly or those defeated in the previous general election. Apart from the nomination of members, some of the members of anchal samiti and zila parishad are elected indirectly. There are two views on this question. One view is that if local government is to be a reality, there should be direct election. We should not fight shy of direct election. The other is that there should be direct election only to gaon panchavat and not to other bodies. Elections to anchal samitis and zila parishads should be indirect. That is, the members of panchayats will elect members to anchal samitis, and members of anchal samitis elect members of zila parishads. In support of this it is said that indirect elections would establish organic relations between the two bodies resulting in intimate understanding and unity of purpose and better coordination of their activities. But we think that indirect election which existed from 1909 to 1920 produced disastrous consequences. First, indirect election brought into existence corrupt practices, in all places where it existed. Secondly, anchal samitis and zila parishads will be the only bodies in north east India which would consist of members indirectly elected. Thirdly, the powers vested in the anchals samitis are powers of control and if these powers are to be exercised impartially the anchal samitis should not consist of representatives of the gaon panchayats. Finally, the right to vote provides opportunities to impart political education to the voter in a democracy. It is true that elections are expensive. This is not a valid argument. Further, the value of political education is of greater than the expenditure involved. Above all, indirect elections are undemocratic.

SHOULD THE DC BE THE ZILA PARISHAD PRESIDENT?

Another undemocratic and obnoxious provision is that the president of the zila parishad should be the district officer. The argument of the Mehta Committee that the interests of the officer and the interests of the people are identical and that, therefore, there would be no conflict between the two is untenable. It is no doubt true that the administration of the zila parishad may be free from corruption and nepotism if the DC happens to be the chairman, because he is better educated and more disinterested than any official who is elected as chairman. But the principle of democracy is offended if the DC happens to be the chairman. There are also other reasons. First, an official, however disinterested he may be, is not likely to understand the shortcomings of democracy. Secondly, the social status of a district officer is much higher than that of an average member of a local authority. So he may not have the same emotional capacity to understand the needs of the common man. Thirdly, the chairmanship of a local authority is a kind of practical training in the art of government. If our State and national governments are to be filled with

men and women with previous administrative experience, then the chairman-ship of the zila parishads and anchal samitis should be reserved for politicians in the making. Fourthly, the argument that the administration of zila parishads and anchal samitis would be efficient under a DC is a figment of imagination. As long as the DC was the chairman of the local boards, there was no progress in education, communications, medical relief and public health. Moreover, the DC has enough work to do otherwise. He may, therefore, not evince interest in the work of the local bodies. One of the causes for the failure of Janapada Sabhas in Madhya Pradesh is the fact that they were placed under the control of revenue officers who neglected them. The official mind is often rule ridden and routine bound and is incapable of undertaking creative work.

Fifthly, no popular body can be genuinely democratic if an officer is the president. The members of the civil service cannot be expected to undertake the framing of policies. Policies are not technical matters which require expert advice. Policies must be framed by the representatives of the people and the civil servant must implement them. In other words, the civil servant is the instrument through which the will of the people is implemented.

Finally, the DC himself may feel embarrassed when the policies of the government are criticised or when the views of any particular minister is criticised. Such criticism cannot be avoided. Again, if the members of the State legislature are also members of the zila parishad and anchal samitis, the DC will always be apprehensive of the fact that one day one of them may become his minister or that the minister may listen attentively to the complaints against the DC by the MLAs. This apprehension may impel him to act, not always in the light of his wisdom and experience, but according to the whims and fancies of the MLAs. When he adopts such an attitude, his utility as an impartial chairman of the zila parishad is questioned and becomes the target of attack by the Press and the public. Therefore, the DC should not be the chairman of the zila parishad.

GOVERNMENT CONTROL OF LOCAL BOARDS

Apart from the fact that the local boards are not democratic there is no genuine decentralisation. The amount of control exercised by the State Government over the local boards is enormous. Let us illustrate the point. The local bodies are the agents of government for certain purposes. When a local body acts as an agent of the State Government, it is subject to the direction and control of the latter.

Secondly, the local bodies have power to float loans but subject to several conditions.

Thirdly, local boards have the power to frame budgets but no complete freedom. For instance, the local boards must submit their budgets to the government for approval. The government has the power to make changes in the budget and the local authority concerned must accept the changes.

Again, the local bodies have been given the power to frame bye-laws for certain purposes. But no bye-law can come into force without the sanction of the government. As a matter of fact, the government has framed model bye-laws on all subjects and the local bodies are directed to adopt them. If any local body does not accept the model bye-law, the bye-laws framed by it are not accepted by the government.

Further, the government has default power. In case a local board fails to protect the health of its inhabitants, government may direct the board to take necessary action. If the local board failed, the government could direct one of its officers to do the job and recover the expenses from it. On several occasions the DC exercises this power.

Next, election of members of the local authorities is conducted by the DC and not by the local authority itself.

Again, the State Government has certain emergency powers. That is, if the DC is of opinion that the immediate execution of any work is necessary for the safety of the public, he could direct anyone to execute the work and recover the expenses from the local body concerned.

Several restrictions are imposed on the local bodies in regard to expenditure. The local body must observe them—the rates at which travelling allowance should be paid, the percentage of expenditure on certain services, and so on.

Grant-in-aid is the most effective instrument by which the local authorities are controlled by the State Government. Grant-in-aid rules curtail the autonomy of the local bodies. Since the financial condition of most of the local boards is not sound, they surrender their autonomy to the State Government. Let us take investments. Local boards are directed by the State Government in which bank their funds should be deposited. The surplus money, if any, ought to be invested in securities approved by the government. If a local authority desires to invest its surplus funds, in any private bank it must obtain the previous permission of the government.

In regard to personnel administration, the local boards are not completely free. The mode of recruitment, the emoluments of certain officers and

their conditions of service, retirement benefits, etc., are determined by the State Government.

Again, the State Government has the power of sanction. It is a bread knife which curtails the independence of the boards. The power of sanction has two aspects, the power to refuse and the power to influence the decision of the local board.

Further, the State Government has the power to supersede, the power to suspend certain acts of the local authority, and the power to annul certain others.

This rapid survey induces us to come to the conclusion that the local bodies are not entirely democratic; there is no genuine decentralisation of powers and functions to them. Therefore, the term 'democratic decentralisation' is not real.



ELECTED PRESIDENTS OF LOCAL BODIES

Mr. Dutt* holds that the presidents of district and sub-district boards should be elected, and that official control should be exercised from outside as contemplated in the Government of India Resolution of the 18th May, 1882. He would, however, permit rural boards to elect a Collector or Sub-divisional Officer as their president if they so desired. He thinks that there is, and can be, no self-government if the people are not trusted to manage local matters without official control inside the board.

—(Footnote) Royal Commission Upon Decentralization in India, 1907-1909.

^{*}Mr. Dutt, referred to here, is Mr. Romesh Chunder Dutt, the only Indian member on the Commission—Ed.

Panchayati Raj Versus Decentralisation of Administration

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IN common parlance and understanding, panchayati raj and democratic decentralisation mean one and the same thing. But, on further probe and analysis, it can be seen that it is not the same coin, but two different currencies or concepts, being used in the same context, but for two different purposes.

In this article an attempt has been made to review the genesis of the twin concepts of panchayati raj and democratic decentralisation in the context of their historical perspectives and in the light of the developments on the eve of independence and since.

Historical traditions and recent trends show that these have been basically two separate and perhaps parallel concepts. Or we may say that in the formulation and development of these concepts, a start has been made from two different points, one from the ground or the village level, reflecting some faith in the inherent strength of the people, and the other from the top or the apex of the power structure, with an in-built and sometimes pronounced mistrust and lack of faith in the capacity and usefulness of the official hierarchy. It was expected that as the concepts developed further and were applied on the ground, a meeting point would be reached somewhere; perhaps the district administration was considered to be a proper meeting ground. But the two have not merged yet and they still retain their separate meaning and construction, and organisational or structural features.

PANCHAYATS: THE HISTORICAL PERSPECTIVE

There is a strong legendary and historical tradition that village panchayats have been there in India since the dawn of history and that they have outlived and survived all changes and upheavals of time. As was noted by Sir Charles Metcalfe in the beginning of the last century, "The village communities are little republics having nearly everything they want within themselves. They seem to last where nothing else lasts...."

As Jawaharlal Nehru had reminded his mammoth gathering at Nagpur on 2nd October 1959, "There was some sort of panchayat by the name of sabha, samiti, janpada or mahajanpada from the earliest times." He went on to remind them that "a slow disintegration of ancient village communities had begun to take place during the late Mughal and British period."

Earlier in his book, *Discovery of India* Nehru had drawn upon 'Neeti Sar' (the science of polity) by Shukracharya, a book of the 10th century, and mentioned that "The village panchayat or elected council had large powers, both executive and judicial, and its members were treated with the greatest respect by the king's officers. Land was distributed by this panchayat, which also collected taxes out of the village. Over a number of these village councils, there was a large panchayat or council to supervise and interfere, if necessary." Nehru added, "All this information is very fragmentary, but it does appear from this and many other sources that there was a widespread system of self-government in towns and villages and the central government seldom interfered, so long as its quota of taxes was paid."²

There are vivid descriptions of the ancient Indian village society in the writings of Karl Marx and Frederika Engels who seem to have drawn liberally on the material contributed by the East India Company functionaries and administrators.

A modern historian, Dr. G.N. Sharma, has brought to light some interesting features of the caste panchayats and panchakula (or village council) in his 'Rajasthan Studies' thus:

"For social purposes we come across a body called caste panchayat. Every caste according to our records had its own panchayat in a village. All the caste panchayats were more or less similar in their structure and in discharging functions. Ordinarily these panchayats decided cases of irregular marriages, illegal sexual intimacy, family quarrels, and any other behaviour of the members of the caste which was undesirable or against the prestige of the caste. The cases were decided according to prevailing customs and traditions in the open meeting of the panchayat.

"Besides these types of units there was a body called panchakula which it seems was a village-council, a semi-government body. Various inscriptions of the 13th to 15th centuries reveal that the Panchakula was formerly composed of village elders, who were heads of various castes and religious groups of

¹Extracts of speech quoted from Shrinath Chaturvedi: New Image of Rajasthan, Directorate of Public Relation, Jaipur, 1966.

²Extract from Jawaharlal Nehru, Discovery of India.

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the village. The members of this council were assisted by a mantri or mahamatya or selahatha or any other village official..."

"As regards its functions it was in charge of land records and was authorised to transfer land and ownership according to the instructions received from the rulers of the state. The body was also authorised to collect taxes on sale of articles within the area of a particular village and allocate the money for charitable and public use...."

VISIONS OF GANDHIJI AND NEHRU

With the growth of national consciousness, when we began to look back at our history and culture in search of our roots, awareness about the historical role of age old village panchayats became a part of our political thinking and ethos. It is, therefore, not surprising that reorganisation of the village community life and rural reconstruction were accorded the highest priority in the blueprints of independent India. As Gandhiji had emphasised again and again:

"Independence must begin at the bottom. Thus every village will be a republic or panchayat having full powers. It follows, therefore, that every village has to be self-sustained and capable of managing its affairs even to the extent of defending itself against the whole world."

But, according to Gandhiji, the villages would not exist in isolation from each other, nor grouped together in the form of a pyramid; but like interlinked and overlapping circles. In his words, "In this structure composed of innumerable villages, there will be ever-widening, never-ascending circles. Life will not be a pyramid with the apex sustained by the bottom. But it will be an oceanic circle whose centre will be the individual always ready to perish for the village, the latter ready to perish for the circle of villages, till at last the whole becomes one life composed of individuals, never aggressive in their arrogance but ever humble, sharing the majesty of the oceanic circle of which they are integral units."

"Therefore", Gandhiji added, "the outermost circumference will not wield power to crush the inner circle, but will give strength to all within and derive its own strength from it."

Perhaps Gandhiji had said the last word on the panchayat system, sarvodaya and the antyodaya when he stated:

"We must have a proper picture of what we want, before we can have something approaching it. If ever there is to be a republic of every village in

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India, then I claim verily for my picture in which the last is equal to the first or, in other words, no one is to be the first and none the last."³

Similar sentiments and hopes were expressed by Jawaharlal Nehru at the historic function at Nagpur: "The petty rulers and jagirdars have gone out of our national life, and, therefore, the caste distinction amongst us should also disappear.... No body should consider himself superior to others.... In our panchayats, everybody should be considered equal, whether he is a man or woman, high or low...."

It should be within the living memory of most of us that, circumscribed and truncated though they were, village panchayats were functioning in their 'splended isolation' all over the country up to the time of the transfer of power and India became free. Their functions might have been limited, so also their powers. They might have been overwhelmed by caste considerations or local customs or old parochial ties and attitudes. But they did meet from time to time and transact their business and, above all, manage the local affairs of the village community. They had survived the onslaughts of indifference and apathy and the slow disintegration brought about by the alien rule.

It is, therefore, not surprising that immediately on the transfer of power, the need was realised to revive and strengthen the village panchayats. Consequently a series of appropriate legislations were adopted in a number of States.⁴

However, in most of these Acts, the functions or groups of activities falling under the umbrella of self-government were not clearly spelt out, nor were the powers of village panchayats clearly defined in keeping either with the past traditions or the then current aspirations of the people or the visions of the future as seen by Jawaharlal Nehru and Mahatma Gandhi. The most desirable and ideal thing would have been to remove the distortions brought about under the foreign colonial rule and reinvest the panchayats with the functions and powers they had once enjoyed on the basis of old customs and traditions modifying them somewhat to fit into the new scheme of things and the structure of a democratic state. But this was not tried in right earnest. For the most part, an approach of status quo and patchwork was allowed to persist, in spite of the directive principle of state policy under

³Extracts taken from *Harijan*, July 28, 1946, p. 236.

⁴The first was Uttar Pradesh Panchayati Raj Act, 1947, followed by Bihar (1947), Assam (1948), Orissa (1948), and Tamil Nadu (1950). The Maharashtra Act was amended and totally re-enacted in 1958. Punjab and Madhya Pradesh passed their Acts in 1952, Rajasthan in 1953, Delhi in 1954, West Bengal in 1957, J&K in 1958 and Kerala in 1960, Tripura and Manipur adopted the U.P. Act in 1959. From the *Panchayati Raj in India* by Dr. Sudesh Kumar Sharma, Trimurti Publications, New Delhi.

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Article 40 of the constitution, that "state shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government."

Perhaps this was not unnatural, as in the wake of freedom and its manifold challenges and early experiences of democratisation of the government set-up and state administration, the aspirations of the common people appeared to have been more than fulfilled. Besides, there were suddenly very complex and pressing problems facing the nation, such as the aftermath of partition, mass influx and rehabilitation of displaced persons, problems of law and order and new challanges to internal and external security, dislocation of the economic system and post-war inflation, not to speak of the crisis created by shortages of foodgrains and other essential commodities. In the face of such big problems, it would have been indeed surprising if more detailed attention had been paid to the functioning of local institutions like village panchayats or to spell out their future role and responsibility.

But if somehow initiative had been taken at least in one or two States or (which were not passing through disturbed times) to involve them in some law and order functions of an elementary nature or in the administration of revenue matters and civil justice, again in their less complicated aspects, and also to lay down the responsibility of the panchayats in the management of the local physical resources like land, water, forests and minerals, then perhaps the foundation of an effective panchayati system would have been laid even in those days of transition. But as explained above, that was not to be.

In fact it would now appear in retrospect that in the first few years, immediately after independence, the role of panchayats in the programme of rural reconstruction and community development was not envisaged in clear terms. Even the various experiments and pilot schemes for rural development like those at Sewagram in Madhya Pradesh, the firka scheme in Madras, the sarvodaya scheme in Bombay, the Itawa pilot scheme in Uttar Pradesh and the Nilokheri programme in Punjab which preceded and became the testing grounds of ideas and models for the latter-day community development (CD) programme and national extension service (NES), did not depend much upon community action initiated or organised through village panchayats. If in these trials, and later on in the CD and NES activities, the development of panchayats and implementation of the programmes mainly through their agency had been given a place of priority and importance, then perhaps the rate of progress and even the very pattern of development would have been different.

⁵Again in the words of Nehru at Nagaur, "The reason for slow progress is our dependence on official machinery. An officer is necessary because he is an expert, but this work (development) can only be done if the people take up the responsibility".

But such an experience and appreciation came only in due course, after our initial struggles and some setbacks on the planning and development front. Then it was discovered (and announced almost as an after thought) that the village community should be involved in the process of change and people's participation ensured in the development and planning process through mobilisation of the village level bodies and decentralisation of administration.

CENTRALISED BUREAUCRACY AND DISTRICT ADMINISTRATION

A centralised bureaucracy (based on the *Mansabdari* system) was the legacy of the Mughals to which the East India Company succeeded when, after the battles of Plassey and Buxar, the Company assumed *diwani* of Bengal, Bihar and Orissa. By the time, the Mughal empire was in its last phase and with the complete breakdown of law and order and the authority of the central government, the provincial subedars were emerging as independent focal points of power, challenging the Mughal emperor on the one hand and fighting for supremacy amongst themselves on the other. The Company took full advantage of these conditions of anarchy and set itself upon the path not only of commercial control of the economy but also of conquest and consolidation.

When in full power and authority, a Mughal emperor was a "perfect autocrat" and the "embodiment of all powers", seldom delegating his authority to the subedars, and keeping a watchful eye on the activities of all nobles and courtiers whether at the court or out in the provinces. But the Mughals tried to create the image and live the part of 'an ideal and benevolent paternal government.' Revenue administration was their best organised civil branch, which was the contribution of rulers like Sher Shah Suri, and later, Akbar. The system lasted until the collapse of the Mughal empire in the 18th century.

"....The British modified the existing pattern to the extent necessary to make it really effective primarily for the purpose of realising the land revenue and enforcing law and order. The centralisation measures they had taken in building up a prefectorial model of district administration in a feudal beureaucratic society yielded quick dividends from the angle of their imperial objectives.9

7Sir George Dunbor, India and the Paning of the Empire, Nichoton and Watson, Lord

⁶Dr. A.L. Srivastala, *The Mughal Empire*, 1526-1803, A.D., Shiv Lal Agarwal & Company, Agra 1959.

⁸Ishtiaque Husain Qureshi, The Administration of the Mughal Empire, N.V. Publications, Patna.

⁹S.N. Sadasivan, "Political Influences on District Administration", *Journal of L.B.S. National Academy of Administration*, Winter, 1975.

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Both the founders and guardians of the British empire, right from the days of the Company, contributed their best talents towards the establishment of a highly centralised state structure, which gradually had its ramifications in the remotest corner of the country. With its hands reaching out everywhere, the government of the East India Company attacked and destroyed the age old village institutions¹⁰ which had been the centres of rural government. Secondly, the authorities of the Company had to maintain, and later on to explain, almost every detail of their business transactions or political activities and policies to their directorate in London, which meant a lot of correspondence and red tape in administration. Thus the Company bureaucrats and, later on, the bureaucratic structure, assumed a big role under the Company rule.

Subsequently, as things began to settle down and administration got entrenched, many agencies and departments came to be established including those which dealt with social services and welfare activities of a rudimentry type. With an increasingly large number of civil servants and writers at the provincial level and in the districts, India became "one of the happy hunting grounds of bureaucracy and bureaucrats."

The focal point of the administrative system was, of course, the district, which varied in size, area, population and agro-climatic conditions. The districts were grouped into divisions and, at the lower level, each district was split into sub-divisions and lower down into smaller units of revenue administration like the tehsil or taluk. The kingpin of the system and the chief officer of the district was the collector, whose office had come into existence with the 1773 regulation under Warren Hastings when the district became a unit of land revenue and judicial administration.

The system of district administration and the office of the collector have had a chequered but colourful history and have been largely instrumental in the achievement of some of the positive aspects of the British rule, both under the Company administration and later as a crown colony, such as maintenance of law and order, establishment of a new civil and judicial system, introduction of rule of law, creation of an "impersonal but institutionalised government, introduction and spread of western education and social reforms, communications and irrigation network and infrastructure" for agrarian

¹⁰Dr. L.S. Rathore, "Legacyof Indian Administration—A Historical View" in The Indian Administrative System. ed., Ramesh K. Arora. The same point has been made by Philip Woodruff in Men Who Ruled India.

¹¹M. Ruthnaswamy, *Principles and Practice of Public Administration*, Central Book Depot, Allahabad, 1959.

¹²Haridwar Rai, "Some Political and Administrative Bequests of British in India", Journal of National Academy of Administration.

development, introduction of new technology with the beginnings of industrial development and the administrative and political unification of India. "On the negative side, it was a foreign rule and it damaged the indigenous economy" and wiped out India's traditional institutions and drained away the nations' wealth, and so on. In the process, "the Indian village ceased to be a self-governing unit. The age old bonds and links between man and man were broken. The problem, ever since, has been to unite them again by developing a new principal of society."¹⁴

Though 1857-58 was a landmark and the beginning of a new chapter, when the Indian empire came under the control of the British crown (and the Parliament), the system of district administration established and perfected earlier did not change much.

In the words of a modern administrator, Sir John Mathai, "It was not a dynamic government, nor a longsighted one. It was a government that lived for the day and it did each day's work prosaically but thoroughly... It was an impersonal government which did not love the people, nor asked for their love; but did its work from a sheer sense of duty." This summing up in 1959 also explained and covered the role of the Indian Civil Service.

The system was based on different levels of functionaries of the central government and the provincial governments under the supervision and scrutiny of a large number of supervisory officers. The system did not provide for association of the local people in day-to-day work, except, sometimes later, towards the close of the last century, through municipal administration. At the turn of the century, with the Indianisation of the services and with the slow and reluctant induction of Indians to the higher levels of administration and policy-making, and with faltering steps towards a representative government, things began to change.

Means of communication being what they were, 'the man on the spot' whether he was a viceroy and governor-general with respect to the home government, or the provincial governor reporting to the crown representative in Calcutta or Delhi or the district officer, acting on behalf of and reporting to the provincial government, he assumed considerable importance both as a functionary and as an agent of the government as well as 'the symbol of the government in the public mind.'

¹³L.I. Rudolf & S.H. Rudolf, "Towards Political Stability in Undeveloped Countries, the case of India", *Public Policy Year Book of the Graduate School of Public Administration*, Cambridge, Mass Harward University Press, 1959.

¹⁴Dr. L.S. Rathore, "The Legacy of Indian Administration—a Historical View," op. cit. ¹⁵Sir John Mathai, "Administration Then and Now," Indian Journal of Public Administration, January-March, 1959.

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The collector's role and functioning differed from district to district and from man to man, or situation to situation. But on the whole, his office was part of a system of supervised but remote-controlled bureaucratic administration, which was impersonal and based on a gradual development of uniformity of procedures. However, at the point of its contact with the people, it had the semblance and the making of "a personalised rule'. In this last respect, the system went well with the historical and local tradition with its pronounced features of personal rule, and it was no wonder that in many places, the collector did become 'a benevolant despot' or mai baap of the local people. Being part of an interdependent and interwoven system, it had the strength and capacity to survive most, if not all, political, social, economic and administration ups and downs.

Until almost the close of the 19th century, there was no enlightened or critical local public opinion or effective legislative control or a vigilant Press to keep a watch or check on the district level executive. But gradualy legal and financial checks were introduced and executive action became subject to review and appeal, under quasi-judicial or judicial procedures.

Simultaneously, with the consolidation of authority and power of British administration over the sub-continent, the nature and dimension of government work and its size and complexity also increased. A number of technical and specialised departments came to be established not only at the central and provincial secretariat, but also at the lower executive and functional levels. The overall responsibility and functions of direction, supervision and coordination gradually increased and the collectors began to spent more and more of their time at the headquarters and thereby losing whatever little contact they had out of the headquarters while on duty. The mai baap gradually became a bureaucrat.

As Phillip Woodruff has commented: "Against a background of political change and growing complexity in the business of government, a caste of guardians who had been amateur despots — experts in nothing or everything, answerable in practice mainly to themselves, foreign to the country they ruled ... transform(ed) themselves into a modern civil service, indigenous and answerable to a legislature."

The emergence of party politics in England and different shades of national opinion in India, and the slow but steady growth of the Press, the beginning of the debates in the central and provincial assemblies, the coming into maturity of a new generation of educated men and women and the launching of the local and national agitations and mass demonstrations — all these changed the role of district administration and the style of functioning of its officers.

According to S.N. Sadasivan in his article on "Politics and District Administration in India". 16

"Politics was indeed a minor affair in the district until 1920 and important Indian political leaders being of high stature and having imbibed the values of western liberalism, established a rapport or equation directly with the British rulers either of the State or Central level....

"However, with the rapid development of politics and political parties between 1920 and 1940, the district administration was increasingly brought into the field of politics, not to associate the people with its activities, nor to provide positions to political leaders, but as a machinery to control political activities and the law and order problems arising therefrom... Although policies for the maintenance of political peace were largely formulated by the Government, the district head was assigned an independent role in their implementation.

"....For 25 years prior to independence, the district administration was constantly confronting political forces in the country rather than being influced by them."

So it was that both the collector and superintendent of police felt the need and asked for greater authority to restore and maintain law and order; and they had to adopt more and more firm and vigorous methods for this purpose, for which they found ready support from the diehards and 'the iron hand rulers' in the provincial and the central governments and in the British Government.

The gap between the rulers and the ruled widened; the district officers became more and more isolated and the loyalty of the Indians in the services was either suspected or it was divided. Pressed by these challenges on the one hand and overwhelmed by the rapid spread of the technical departments, district administration became more and more complex and remote depersonalised and fragmented, dilatory and hierarchical, autocratic and unhelpful, bureaucratic and brutal in the minds of the people.

It is felt that these impressions, suspicions, or attitudes of mistrust (certainly based on some valid experiences) which were perhaps exaggerated out of proportion and were harped upon again and again during the last phase of the nationalist movement have somehow outlived the advent of independence and outweighed many other considerations with regard to the

¹⁶S.N. Sadasivan, "Politics and District Administration in India", *Indian Journal of Public Administration*, Vol. XXII, No. 3, 1976, p. 454.

reorganisation and restructuring of the framework of administration in free India.

Perhaps as a counter-poise to the system of the British administration wherein all powers were concentrated with a few officers on the spot, particularly at the district level and in the person of the district collector, or the superintendent of police, there was (and still is) a general clamour to pull down the district officers, notably the collector and the superintendent of police from their pedestals and to disperse or decentralise their powers and functions among other agencies, and democratise the administrative set-up. This in-built suspicion or animus and, to a limited extent, the historical background briefly sketched above, have been the genesis of the pressing demand of 'democratic decentralisation' of the district administration.

The role of the district administration or of the collector and the relationship of the 'generalists' and the 'specialists' or the bureaucrats and technocrats have been subjects of widespread discussion among the more knowledgable during recent years. One does not have to repeat those arguments here. Suffice it to say that the district administration, and for that matter the collector, today holds a much different position than during the British days, particularly during the last phase of the British empire. We are now living in a democratic and federal set-up in which every unit of administration and every functionary has prescribed, well-defined and rather circumscribed roles and functions or powers. The district administration is an organisation of a democratic state, of a representative government, and so is the collector a servant of the people, responsive to their needs and urges and responsible to the people's representatives in the legislature and in the council of ministers both in the States and at the Centre.

Areas where district level officers can exercise their discretion are very limited and such occasions are rare. Therefore, individuals or individual acts or styles of functioning apart, the misgivings and doubts about the role of the district administration or of the collector and other district level officers of the technical and development departments can hardly be justified in today's context.

SOME RECENT DEVELOPMENTS*

If we look back at the developments of the last two or three decades, we find that a strong trend (rather a lobby) has emerged in favour of development administration and placing it in the domain or sphere of the panchayati raj. Recommendations of various study teams, committees, and conferences and even the various plan documents have directly or indirectly advocated this approach.

^{*}Extracts from relevant Plan Documents and Reports of the Committee on Plan Projects (Italicised for emphasis of the points).

In the first plan document 'community development' was introduced "as a method and rural extension (as) the agency through which the five year plan seeks to initiate a process of transformation of the social and economic life of the villages." The second plan document, while dealing with the weak spots in the existing system recommended that "the pattern of the district administration envisaged in the national extension and community development programme will remain incomplete unless village institutions are placed on a sound footing and are entrusted with great deal of responsibility for carrying out local programmes" and therefore urged the need for "creating a suitable well-organised and democratic structure of administration within the district." Thus democratic decentralisation was placed on the agenda before the report of the Balwantray Committee (Committee on Plan Projects) and its recommendation that "village panchayats will have to be organically linked with popular organisation at a higher level. In some States, it may be convenient to have a democratic body at the district level, in others at the level of sub-district."

The Committee further described two conditions or guidelines. First "the entire general administration and development of the area other than such functions as law and order, administration of justice and certain functions pertaining to revenue administration" should be entrusted to the 'popular body' if necessary by stages, and secondly "sub-committees of the popular body should be assigned clear functions in the implementation of local programmes for smaller areas within the district or the sub-division such as development blocks or talukas."

Though the Administrative Reforms Commission also recommended a similar approach (of distinguishing between development and non-development functions at the district level) it has to be realised that such a distinction is artificial and may be somewhat arbitrary. In fact the separating of development from non-development functions, or plan activities and funds from the non-plan provisions, has brought about a fragmentation of administration, a sectarian approach to the problems and some distortions from which we have not been able to retrieve ourselves yet.

In the wake of the Balwantray Committee report, it was contemplated and recommended that "the State will cease to operate within the area, and in special circumstances when it has to do so, it will do so through the agency of the local body—(panchayat samiti or zila parishad)." The State administration was expected to divest itself 17 of its various functions and powers and entrust the same to the local bodies, and limit its role to that of

¹⁷Extracts from C.O.P.P. Report (italicised for emphasis).

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providing technical guidance and financial or other resources "without imposing too much by way of supervision or control over these bodies."

What was contemplated was that in respect of development activities, the functioning of the State apparatus should come to a virtual halt somewhere near the district level (or lower level of sub-district and tehsil) and a new set of popular and representative bodies should take over the management, control and implementation of not only their local affairs or programmes, but also of transferred state activities and development schemes.

It was also recommended that these local bodies should be closely linked up and knit together. As was stated in the third plan document, "Democratic institutions at the district, block and village level shall be viewed as parts of one connected structure of development administration in the district." A dual role was envisaged for them as "local bodies created by various Panchayat Acts" with distinct powers and functions and as "agencies of the State Government" subject to nominal control and supervision. Thus the idea of 'dyarchy' (first conceived by the British in respect of slow and reluctant transfer of power to the Indians) was extended to the district level administration in the changed circumstances, and in a different context, to curb the official bureaucracy.

Was this approach not reflective of the old anti-state or anti-establishment attitudes? Were there not shades of anarchist or syndicalist social philosophy and political theory in these recommendations? Were there not some inherent contradictions in these arrangements? For example, why could not functions relating to land management, records and revenue and such other non-development functions also be transferred to these bodies to make them strong and effective organs of the state structure, but having a representative character? On the other hand, it seems unfortunate and ironical that with democratic and representative governments fully entrenched at the Union and in the States, there should be so much mistrust of the district administration, which is only a functional limb of the State structure (subject to parliamentary or legislative control, judicial review and other in-built checks and balances).

Since the coming into being of the panchayati raj system, a large number of committees and conferences have been convened both by the Government of India and the States to review their functioning and suggest improvements. A mass of material has been brought out, discussed and analysed on its various aspects. Among other things it has been noted and stressed that "panchayati raj has come to stay as a system of institutions and it should be regarded as a part of the State structure" and "these local bodies should act as units of local self-government and agencies of the State for planning and development

and other functions assigned (with funds) by the States with maximum autonomy and authority, and so on. 18

It seems, however, that no committee or commission has suggested that besides local civic or development functions, certain non-development functions which affect the daily lives of the village communities can and should also be entrusted to these local bodies. For example, management and maintenance of local physical or natural resources (like land, water, forests and minerals) or community assets, irrigation tanks and roads, pastures and tree plantations, temples and monuments, schools and hospital buildings, sarais and dharmshalas, etc. These assets can add to the tax revenue of these institutions and make them less dependent on the state administration.

A.R.C. REPORT AND NOTES OF DISSENT*

The Administrative Reforms Commission had in its report on State Administration (1969) underlined the importance of administration at the district level, because "it deals directly with the people and to a great extent is responsible for the satisfaction or dissatisfaction of the people." But the Commission recommended bifurcation if its work into 'regulatory' and 'development' divisions, the former under the collector and the latter under the panchayati raj administration. In the regulatory functions, the collector was to carry on his work without interference from the non-officials and directly under the supervision of the government, while the developmental work being the privilege and responsibility of elected representatives, "official interference from the outside in the name of supervision and control should be eliminated."

In his note of dissent Shri H.V. Kamath had pointed out that "the district collector, however, cannot be divested of powers to coordinate the various developmental activities in collaboration with the president of the zila parishad the district collector is the chief agent of the State Government in the district. The latter is the eyes and ears of the State Government within his jurisdiction...."

Judging from the 'none too happy' 10 years' experience and from the reports in the Parliament or in the Press, Shri Kamath had also suggested that "till such time, however, as they (panchayati raj institutions) take firm roots in our soil and are able to function effectively, it will not be the part of wisdom to endow them with wide financial and administrative powers, which they may not be competent enough to exercise...."

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¹⁸Refer to summary of various recommendations in *Panchayati Raj in India* by Dr. Sudesh Kumar Sharma, Trimurti Publication, 1976.

^{*}All Extracts taken from the Report of Administrative Reforms Commission, Government of India.

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In a similar but more detailed note of dissent, Shri T.N. Singh was constrained to make the following observations with regard to development and planning efforts:

"But experience shows that...there has been very little involvement of the people in developmental activities. The responsibility continues to be borne mostly by the bureaucracy and paid development staff.... In the context of our national plan, requiring an integrated, centralised approach, it does not appear practicable to associate panchayat or zila parishad members in the planning process.... Ours is a centralised system of planning, with States having some amount of say in regard to their own plan programmes, provided they fit in with an integrated national plan..... The association of zila parishads or panchayats in the planning process at the district or village level appears neither feasible nor practicable."

On the position of panchayati raj vis-a-vis the district administration, Shri Singh added "....The nearest approach to our panchayati system is to be found in the Conseil General of France. Though this Conseil has apparently been given wide powers, the Prefect, who is appointed by the State Government, has got powers which circumscribe the former's authority in many directions. The Prefect is more powerful than our district collector in many respects....

Shri Singh was also "perturbed at the downgrading of the district magistrate/collector's position in the context of the panchayati raj system." He recommended that in the one-tier system of zila parishad, the collector should be the principal co-ordinating authority with an ADM or district development officer (as the chief executive officer of the zila parishads) for development activities and another ADM to assist him in the limited functions regarding law and order and revenue matters. He further observed that "by history and tradition, the district magistrate/collector even today enjoys a great deal of prestige. In States like Gujarat and Maharashtra also, where substantial developmental work has been transferred to the DDOs and zila parishads, the district magistrate/collector continues to enjoy a certain amount of prestige. Whatever we do, the district magistrate/collector will continue to represent the State Government in the district even though his functions are limited merely to law and order and revenue matters."

He carried forward this observation in the context of the future approach for area planning thus: "The district is the smallest geographical area which can be considered viable for plan purposes... In the context of area planning, I think the tendency will be to look upon districts as planning units instead of the smaller blocks. Howsoever that be, the fact remains that the State Government will always expect the district magistrate/collector to

represent its authority in the district not only in regard to law and order but also in regard to economic development programmes which fall in the State sector. The responsibility for coordination seems to have been given to the district magistrates/collectors even in States like Gujarat and Maharashtra where democratic decentralisation has been enforced more effectively...."

In yet another note of supplement and dissent, it was recorded by Shri V. Shankar that "if, in these changing conditions, administration has to be stabilised at the base, namely, the district level, it is obvious that it can be done only through the strengthening of the district administration rather than by weakening it. . . . It would, therefore, be neither in the public interest, nor in the interest of stability or efficiency of administration to denigrate the position of the collector as the administrative head of the district. He has been, will and must continue to remain the agent of the State Government in the district—an agent not merely deriving his powers from delegation by the government under rules, but having independent powers of his own under various statutes. In the latter sphere, he would be protected from political interference by the rule of law which prohibits outside interference in a statutory discretionary exercise of his authority or power; but in other respects, he is and has to be guided by the policies and directions of the government at State headquarters."

He advocated that the panchayat samitis should be abolished because fragmentation of development machinery and work in the district between panchayat samitis and village panchayats would lead to confusion and delay. Instead, the zila parishads should provide an effective and efficient executive machinery with an executive officer of the collector's rank (junior type as compared to the district collector). But the district collector should have effective powers of coordination and supervision (at least similar powers as he exercises in respect of municipalities and district boards by way of initial supervision by the man-on-the-spot).

Shri Shankar was, however, forthright in recommending that "it is not prudent nor necessary to distrust the collector since he would in any case be head of the district acting under the order and supervision of the State Government—a superior democratic institution."

All these arguments point towards the need for harmonious working relations between the panchayat institutions and the district administration. The issue, therefore, needs an approach from a different angle, that the agencies of the district administration and the panchayati raj bodies have to work as mutually complementary and supporting units of one and the same democratic administration at the State level, and not as rivals or contenders for each other's powers.



The Unresolvable Debate of Centralisation Versus Decentralisation

K. Seshadri

THE debate on decentralisation versus centralisation, which in itself seems interminably indecisive, leads on as it grows in operational intensity to further debates on decentralisation versus democracy, and decentralisation versus development (or decentralisation and development), and decentralisation versus planning. Again, in contemporary Indian political scene a disingenious debate has been raised between Gandhism versus Nehruism. I call it a disingenious debate because it is a false and pernicious poser. It has among other things an implied suggestion that planning, a centralised strategy for development, with an accent on heavy industrialisation, was Nehru's brainchild which is antithetic to decentralised rural developmental strategies of Gandhi.

Apart from these, the dilemma in which socialist countries are caught is another dimension to the debate. It may be stated in the following manner. Max Weber, the over-worked sociologist, has already familiarised everyone with the legal national character of bureaucracy and its indistructability. Whether you attach any stigma to it or leave it to fend for itself its neutrality, its resilience seems to bother many who are committed to informalism and humanism since its facelessness is its most dangerous weapon. The socialist countries are committed to planning since chaos in production and distribution is no longer permissible. Once planning is accepted, it cannot shine under the free enterprise system of the ideal capitalist economy nor even under a regulated capitalism that is supposed to exist in the non-communist countries. It is declared that even in USA, the haven of free enterprise, state control has increased in a gigantic measure, much more than exists in India, for instance. Whether that mitigates the evils of capitalist crisis or reinforces capitalism in a 'friendly' fascistic* fashion is beside the point here.

Whether direct intervention by the state in the various socio-economic activities is contemplated or an increase in the control over private enterprise

^{*}Prof. Bertram M. Gross has termed the modern capitalist expansion as "friendly fascism". I owe it to him.

is contemplated, like King Charle's head, bureaucracy seems to pop out inconveniently. As one of the Marxist revisionists, Kalokavski says:

"Growth of economic responsibility of central power is undesirable tendency which may be noticed in different political systems. Not only is the trend towards nationalising larger and larger segments of production, transport, trade and exchange system inevitably accompanied by the rise of bureaucracy. The same may be said about all tasks which, it is widely acknowledged, should rest on the shoulders of central powers: the welfare, health and education systems, the control of wages, prices, investments, banking, the protection of natural environment, the exploitation of natural resources and land. It is not possible, but it is difficult to be consistent when one fulminates at the same time against both the growth of bureaucracy and the uncontrolled wastefulness of operation of private industry; more often than not, increasing control over private business means increasing bureaucracy and not how it can dispense with it."

Other studies on the Soviet experiences like the one by Merle Fainsod's, How Russia is Ruled (Cambridge, Mass: Harvard University press, 1953) or the more well known Milovan Djilas' New Class (New York: Frederich A. Praegar, 1960) have gone into the question of the veritable dilemma that bureaucracy presents itself in a state that has to take up the task of development. Studies on the US administration not to talk of other 'capitalist' countries like those of UK or France also indicate the growth of bureaucracy inspite of constant checks against its abuse. Students of administration are too familiar with the growing literature on the concepts of 'administrative state', 'big democracy', 'the dead hand of bureaucracy' and so on, that it is needless to go into these eternal debates once again.

MORE DECENTRALISATION, LESS BUREAUCRACY

The question of expansion of government services and thereby the proportionate expansion and hence the power of the bureaucracy is intimately linked up with the question of decentralisation versus centralisation. More decentralisation would mean less bureaucracy and, conversely, more centralisation would mean more bureaucracy, because in a decentralised situation, the need for supervision, control and authority would be much less and hence bureaucracy's hold also becomes less. The more there is centralisation, the

¹Haszek Kalakowski in Kalakowski, Laszak and Hampshire, Stuart, (ed). The Socialist Idea, London, Weidenfeld and Nicholson, 1974, p. 33. See also K. Seshadri, Studies in Marxism and Political Science, New Delhi, People's Publishing House, 1977, pp. 57-99 for a Marxist understanding of the concepts of planning, centralisation and bureaucracy.

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more the hierarchical structure becomes necessary in order to control, coordinate, communicate, direct and supervise and finally take punitive or preventive action as necessitated by the exigencies of the central governmental situations. Hence, again men like Gandhi, who did not like too much of centralisation, placed greater faith in the genius of the local people to solve their own problems without the interference of the government. This would also give the local people a measure of confidence in their own strength. The point is—would it, under the circumstances of semi-feudal conditions that prevail in the country?

But by the time India launched on the five year plans and went in a big way to get to the 'commanding heights' of the country's economy and dovetailed defence with development, automatically the bureaucracy expanded by leaps and bounds stunning even Parkinson! As is well known, Indian leaders, especially Pandit Nehru, Subhash Chandra Bose and other socialists had firm faith in planning. So did the Tatas and Birlas and men like Sir M. Visweswaraya and also the Gandhians. Even before India became independent we had many plans drafted by the various people but none ever contemplated the growth of bureaucracy along with it nor the dangers of over centralisation. except the Gandhians who were always philosophically opposed to centralisation, which they viewed as a siamese twin of heavy industrialisation. Gandhi sought solution in 'simplicity, decentralisation and cottage industry'. though he did not rule out the need for certain heavy industry. But the point is that decentralisation was considered a more desirable end which was in keeping with individual freedom and liberty and a community's feeling of togetherness. David E. Lilienthal, who was a great champion of grassroot democracy, for instance, felt that "centralisation is a threat to the human spirit everywhere and its control is a concern of all men who love freedom".2 Alexis de Tocqueville also thought that, however enlightened and skilful the central power may be, it cannot of itself embrace all the details of a great nation.

I am aware that as one goes on recounting all these that the impatient reader would exclaim that the debate between centralisation and decentralisation is a false one and that there should be a balance between the two and there should be no dogmatism and such other banalities of Sir Roger de Coverlee's vintage. That way, every dichotomy is a false dichotomy and that balance should be maintained is the proper conclusion. The point is—what is the mix? What determines the respective proportion of these two components? What is true of USA may not be true of India and even in India what is true of Tamil Nadu may not be true of U.P. India is a country which has certain peculiarities that other countries do not have. Its history, its uneven

²David E. Lilienthal, T.V.A. Democracy on the March, New York, Harper & Bros., 1953, pp. 144-49. See also Dwight Waldo, Administrative State, New York, Ronald Press 1948, pp. 130-158 for an excellent argument for and against this proposition.

development, its long years under imperial domination, its growing population, its differentiation in regional socio-economic developments, its population, its deprived sections, its intellectual manpower together with illiteracy, its linguistic, ethnic, cultural, caste and communal diversities have all to be appreciated critically in order to arrive at the proper formulae for decentralisation-centralisation mix. All these are known, but are not seriously cogitated upon and the general solutions thought of are legal-constitutional rather than sociological. This is where the typical approach of a bureaucrat manifests itself since, at least in India, an average bureaucrat only thinks in terms of institutional solutions rather than substantial. The Asoka Mehta Committee on panchayati raj would be a supreme example of this sort of thinking that would only go into peripheral solutions like changing the Panchayat Acts. If panchayati raj is decentralisation why should the committee sitting on this problem be a highly centralised body in New Delhi trying to present solutions for all the nooks and corners of the country? This itself is a contradiction. I do not wish to go more into this question since a highly centralised body is trying to examine the problems of decentralisation by calling a few 'experts' for opinion. That panchayati raj is enshrined in the directive principles of state policy, does not automatically endow a central governmentsponsored commission to give its words of wisdom to the various States.

RURAL POWER BLOCKS

Coming back to where we left regarding the evils of centralisation, one comes across the various pronouncements of Pandit Nehru, who, it must be said, was no less a champion of decentralisation than many of his critics. This idea of decentralisation was with an additional purpose than giving an individual his liberty of making it an instrument for meaningful socio-economic development. There is no process of socio-economic development known to history so far which can be totally insulated from politics. This means wielding of power and this again means using and exploiting every social institution for the sake of achieving power. It is absurd to say, if said in honest belief, that political parties should not enter local institutions and it is mischievous to say so, if said with knowledge of this fact. Very often it is the latter. Again, when we say politics, it is either naive or deliberate to affirm that it will be independent of class but it will also be not independent of caste or any other social structure. So a discussion of decentralisation is not just as shallow as the institutional legal waters are but rather as penetratingly deep as class antagonisms and structural differences and social stratifications are. It is not a matter of direct or indirect election of a zila parishad chairman! To a poor wretch and the rural tyrant, it makes no difference. Whichever way one may finally suggest, the same type of zila parishad chairman alone will materialise himself. Let us at least recognise these facts even if we cannot alter them immediately. The bureaucracy also is a centre of power. It certainly is not a humanitarian

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order. It is not a class in itself as many dogmatists would argue. It is not a homogeneous monolith nor is it manned by people who are totally opposed to the common man. Very often it is the bureaucrat who had tried to implement certain socio-economic policies and it is the loud-mouthed politician who after harranguing on socialism and land reform on the platform straight repairs to the civil servant to prevent him from acting. There are certain purblind "Marxists who without seeing these nuances decry the whole bureaucracy and uphold the whole class of politicians in a doctrinnaire fashion". Human element is there in both these categories of people. Hence it is not the individual bureaucrat or political leader that in the final analysis determines these questions of development and decentralisation.

In USA, for example, the classical debtates between Hamilton and Jefferson indicate the point that class outlook influences the question of decentralisation and centralisation. Hamilton, an arch conservative, wanted centralised authority to support the business class and the industrial enterprises. Jefferson was more concerned with public welfare as he saw it and towards that end favoured state control of commerce but wanted that there should be more decentralisation that was conducive to agrarian democracy. He was also afraid of tyranny that centralisation might usher in.

In the more meaningful debates during the convention, Madison in a characteristic statement that "if men were virtuous there would be no need of governments at all", a thing which Plato had said much earlier, made out a case for political parties, though George Washington was arguing against parties and factions, that 'political parties provoke the mischief of associations and combinations.' What Washington was arguing in connexion with the federation, our later day sarvodaya thinkers are arguing in the case of local governments. Let there be a classless society and then will come partyless democracy.

EXPANSION OF BUREAUCRACY

Therefore, whether there is centralisation or decentralisation, parties and bureaucracies will function and both these institutions are with interlocking mechanisms and it is impossible to visualise a politico-administrative situation without these two totally different institutions interpenetrating. In all social conflicts they would be in the midst of them like the proverbial Irishman who would like to be in the midst of a scuffle independent of both the sides.

³I may be pardoned for my immodesty if I give reference here to the chapter entitled "Political Administration" in my book, *Studies in Marxism and Political Science*, New Delhi, People's Publishing House, 1977, for a discussion on the role of bureaucracy from a Marxist view point.

As the country launched on five year planning, the organisations in the Central Government multiplied enormously. See for example what Pandit Nehru said in 1955:

"Our scientific departments have grown tremendously. Our Ministry of Commence and Industry has grown very greatly. There is a new Ministry of Production, there is a new Ministry of Planning and so on. Our Ministry of Health functions in a bigger way, our Ministry of Education functions in a much bigger way, every ministry functions in a very much bigger way and many new ministries have come into being....It is an enormous growth."

'Tremendously', 'greatly', 'bigger way,' 'much bigger way,' 'very much bigger way' are the phrases that Nehru has laboured with to demonstrate the unimaginable expansion of the government and hence the bureaucracy. With such a growth, which is not likely to flag but increase, the bureaucracy expands, the technical departments increase, and self-reliant village republics are gone for ever. Even the thought is ludicrous, howsoever one might try to emotionally invoke Gandhi's authority. It is like an American invoking Jefferson to bring about a happy agrarian society wherein everyone will have his small patch of land or an independent livelihood as an artisan. As an American student of US planning says, "No one interested in planning, not even the most ardent centraliser, believes that everything can be directed from Washington, Everyone favours decentralisation, and this has always included planners. Praise for decentralisation is, of course, partly a reflex in standard American political discourse, and partly a ritualistic gesture to calm the nerves of that multitude of Americans with a personal or ideological stake in local government."5 Substitute the words properly and note the aptness. None of the deputy chairmen of the Planning Commission in India went out without paying his homage to decentralisation. There are a number of people in India too, men like Jayaprakash Narayan, S.K. Dey and others who have an ideological stake. Attempts have made to bring the bureaucracy, at least at the district and the level below, to carry out the order of the political leaders at the grassroot level. This created a good deal of friction in the early days of panchayati raj and a number of studies have been published on the subject of 'official-non-official relations.' The number of studies on this subject is an indication of its eluding solution. This has also hampered production and achievement of planned targets. This has politicised the rural bureaucracy

⁴Jawaharlal Nehru, "A Word to the Services", *Indian Journal of Public Administration*, Vol. I, 1955, p. 292.

⁵Otis L. Graham, Jr., *Toward a Planned Society*, New York, Oxford University Press, 1976, p. 310.

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which for survival had to forge links with non-official leadership.⁶ A highly centralised, irresponsible alien government had to be replaced after a couple of centuries by a responsible national government oriented to development and popular participation. For the first time power was to be shared by the local people and this created a great deal of tension. Among the bureaucracy the suddenness with which a revenue collecting organisation, accustomed to receiving homage, had to change its role into one of developmental function with accountability created quite a stir leading to bickering. Violence was also not ruled out, as some of the studies mentioned earlier pointed out, in which the bureaucracy came out worst in the initial rounds. A peculiar situation developed in which the higher echelons of the bureaucracy maintained its aloofness and neutrality while the lower levels were, at least by implication, required to be 'committed'. This is the opposite of what should happen. I shall try to argue this position.

CENTRALISATION INEVITABLE

The country launched on heavy industrialisation, introduced scientific and technological innovations, used mass communications media and quick transport and communication network, launched on educational programmes and coordinated all of these by the planning processes. In this sort of a task, a certain amount of centralisation is inevitable since the know-how and talent at the lower levels are not capable of dealing with all these problems. It is in this sense that planning appears as antithetic to decentralisation. Whatever that be, in this task a revolutionary fervour, to break the traditional moulds, has to inform the higher echelons of the bureaucracy. They need an ideological commitment to carry out these tasks with a drive and initiative that would gear the whole machinery towards development. More decisions have to be taken and more reliance has to be placed on the specialised and technical nature of knowledge. Centralisation of the authority and information is inevitable. This, in other words, means bureaucratisation. Thus we come to

⁷V.A. Pai Panandikar and Kshirsagar, S.S. have reported that in India the higher level civil servants are more highly change-oriented than the lower level ones. See *Bureaucracy and Development Administration*, New Delhi, Centre for Policy Research, 1978.

⁶There are a number of studies by Iqbal Narain, P.C. Mathur, Kuldip Mathur, A.P. Barnabas, V.R. Gaikwad, V.C. Ghildyal, Shanti Kothari, Rameshroy Ray, B. Maheshwari, Ram, K. Vepa, C.P. Bhambhri, G. Ram Reddy, C.N.B. Rao, V.M. Sirsikar, N.R. Inamdar, Haridwar Rai, R.N. Haldipur, R.C. Prasad, K. Seshadri and various others on the problem that appear in the *Indian Journal of Public Administration*, New Delhi, and the *Journal of Local Administration Overseas*, London, publications of the N.I.C.D., Hyderabad etc. Not mentioning many others does not mean they are less important than those mentioned. Space is an inhibiting factor. The trend report by P.C. Mathur is yet unpublished. It may give a full account.

See, B.C. Mukhayya and Gnanakannan, I.G., Development Personnel: A Psycho-Social Study Across Three States in India, Hyderabad, National Institute of Community (now, Rural) Development, 1973 for the attitudes of the lower level bureaucrats at the block level.

the original dilemma that was posed - how to control bureaucracy and how to mitigate too much of centralisation, and the tyranny, as it is called. Classical writers and thinkers were all troubled over the tyranny of centralisation and the 'big government' as the modern governments came to be called either derisively or neutrally, depending upon who characterises it. Knoff called it 'big democracy' and cautioned against too much of importance given to decentralisation. "Nothing can be decentralised properly which has not first been centralised. The basic essential is national controllability."8 In a different context, speaking on the experiment of democratic decentralisation. he again gave a warning against over-enthusiasm. One should not imagine that as a result of decentralisation the activities of the rural communities become something transcendental: As India develops, the need will be for greater skilled personnel.9 More skilled personnel means more specialised personnel. Centralisation and specialisation go together. As said earlier, many classical thinkers in one way or another identified these two as twin evils. Marx and Engels went as far as to say that in a communist society there would be no need for any specialisation nor centralisation. The philosophy of Rousseau or Bakumin or Kropotkin was an opposition to specialisation and expertise, hence indirectly to centralisation. One has only to look into the writings and thoughts of Gandhi to find their echo. Ruskin opposed the uniformity centralised industrial society brings about that goes ill with the aesthetic needs of human beings. Men like Ruskin and Morris in their fear of the centralised industrial society were even prepared to go back to the horse carriage and craftsmen. Gandhi, it might be recalled, was profoundly influenced by Ruskin's 'Unto This Last.'

It is worthwhile to see how Marx and Engels looked at the problem of centralisation and decentralisation. Historically, owing to the inherent nature of social life and the level of technology, development of transport and communication, there has to be decentralisation. Decentralisation ipso facto does not bring in democracy. They were opposed to the decentralisation of the Chateau in the feudal ages. In the medieval periods in India as well as in Europe, there was decentralisation. Particularly in India, it is because of this sort of decentralisation, that whatever cataclysmic changes took place in the capital cities due to invasions and wars the village life remained more or less unchanged and placid. Going into poetic and romantic ecstacies about this sort of a life, as Rousseau did or in a different way Gandhi did, is to carry the 'old is gold' rule too far. Centralisation was a physical impossibility and it is the industrial age that began to push the decentralised situation out and replace it with centralised authority. The political integration of the country is in keeping with the ways of centralisation.

⁸Alfred A. Knoff, Big Democracy, New York, 1946, p. 104.

⁹Paul H. Appleby, "Some Thoughts on Decentralized Democracy", *Indian Journal of Public Administration*, October-December, 1962, p. 449.

There is a certain fetish about villages and the farming communities that has usurped the label of Gandhism for itself and thus for 'rural development' and 'democratic decentralisation'. Again a number of studies by Indian scholars have, while paying the homage that is due to both democracy as well as decentralisation and the growing political awareness of our rural masses. point out that these institutions, together with the 'democratic' cooperative institutions, have been monopolised by the same tyrants masquerading as popularly elected Hampdens. I wonder if Marx's characterisation of the European villagers as both 'stupid' and 'cunning' and the farmer as a primitive 'troglodyte' can be amended in the light of what is contemporarily happening in the rural areas in India. The treatment meted out to the members of the deprived sections by these 'farming' communities, the moment the central administration is lax, makes one pause before singing panegyrics on this 'salt of the earth'. Let it not be too decentralised to be democratic nor too undemocratic to be decentralised. Let it not be misunderstood that I am advocating against decentralisation and am intolerant of the rural bias. As long as structural changes in the rural areas are not brought about, by which I mean the breaking up of the existing feudal and semi-feudal production relations, the talk of panchayati raj and democratic decentralisation, grassroot democracy and so on, is just an alibi for the legitimisation of the tyrant as a democratic leader. This 'democratically' elected rural leader is the mainstay of the present government from which he has obtained systematically all the agricultural inputs including the services of agricultural extension and has successfully managed to edge out the small peasant and the poor agricultural labourer. A decentralised administrative machinery in a situation of this nature would only make the public services the private service of these classes since the deprived will have no court of appeal against the rural kulak tyranny. Merely giving a vote and instituting a 'gram sabha' have not assumed any participation by the 'people'; though pumping in a great deal of money into these areas has, after leaking into various intermediary hands, shown some improvement of the rural areas. Still it is not proved that decentralisation per se is instrumental in whatever has happened. The local bodies do not seem to have made any great impact on democratic participation by the people which is what the Balwantray Mehta Committee visualised and what Pandit Nehru dreamt about. Regarding the benefits of participation accruing to the deprived sections like the scheduled castes, the position is still worse. Even in a State like Gujarat, where decentralisation is generally considered to have been successful, both at the administrative and at the democratic participatory level, the scheduled castes do not seem to have been very much benefited.10 The officials do not come into contact with these sections in spite of the decentralised administration.

¹⁰See K. Seshadri, Political Linkages and Rural Development, New Delhi, National Publishing House, 1976, pp. 174-211 for a comparative study of Andhra Pradesh and Gujarat.

ADMINISTRATION, A PRODUCT OF CIRCUMSTANCES

Administration functions in a socio-political milieu not in a vacuum independently of what is taking place in the total environment. To say this, is only repeating a well known truism but it is good to remind oneself of this truism now and then. Administration plays a sort of a second fiddle to the popular leadership in a democratic set-up. But then the administration and the political processes get intermingled, resulting in a politicisation of administration and administration of legal and constitutional sobriety to politics which may tend to go haywire otherwise. The administrator has the right to be consulted, to encourage and to warn and then the duty to implement the constitutionally validified policy. The duty of the administrator is all the more onerous today since policies are laid down and implemented pending legislative ratification expost facto. If the administration knuckles under, when it should exercise its word of caution and even exercise its right not to contravene the spirit and the letter of the law, morality and good conscience, as it did in some cases during the emergency, the harm done becomes irreparable. Fear, lack of traditions of uprightness, selfishness, etc., may have been responsible for the conduct. The 'steel frame' bent, and bent without breaking. If this were the situation in the higher echelons of the administrative machinery, how much more difficult would it be for the administrators at the local level to resist the daily threats of the local tyrant - the up and coming neo-rich farmer—who does not even have the graces of a feudal aristocracy. The more the decentralisation at the local level the more will be the pressure of this tyrant on a helpless official if the latter were vested with greater decision-making powers. The excuse today that he has no power to do certain things, as required by the non-official leaders, saves him; the official at the higher level can deal with such cases of high handedness

Singing the praise of decentralisation without understanding the society and its socio-economic development has become rather fashionable. In a society with such disparities of income within a village and such uneven economic development from region to region, with primordial loyalty to the caste and sub-caste, liberty might degenerate into licence. Licence would breed chaos and that is the most fertile ground for authoritarianism. It is perhaps old fashioned to say these at a time when suddenly people are discovering a great deal of relevance of Gandhism. There is no doubt about the wisdom in Gandhian thinking regarding making people feel that they are the masters and the bureaucracy their servant. But none would plead for a drift into chaos in the name of decentralisation. There are areas where complete decentralisation has to be assumed and there are areas where proper control must be exercised in the long-term interests of democracy, decency and freedom from exploitation.

Decentralisation and Panchayati Raj: A Developmental Perspective

Shiviah

EVELOPMENT', indicating the direction of historical change in modern times, characterised by an accelerating pace of technological advance, has the flavour of secular teleos about it. One need not subscribe to the doctrine of historical inevitability to be able to sense this flavour. Positivistic prevarications apart, recognition of the history-shaping power of liberal and socialist ideologies could be a useful point of departure. Their sweep might be a source of confusion. But certain broad aspects are clearly discernible. Risking tautology, we may say that their interaction intimates some core features of 'development' in our times. A degree of fusion has already taken place. What this fusion can mean to us is indicated by a simple definition of 'development': secular evolution towards a participant society. To be sure, an operationally clear synthesis of the egalitarian and libertarian dimensions of a participant society has not yet emerged. But the combined developmental thrust of these ideologies has in it elements which have a universalistic content. The stress on 'preferred futures' has to be suitably modulated if it is to make historical sense

OF ADMINISTRATIVE AND DEMOCRATIC DECENTRALISATION

Students of public administration are not tired of saying that administration being an 'instrument' of the political executive, its character depends upon the political context. With the state assuming a major role in socioeconomic change, particularly in developing countries, the primacy of the political factor provides a new dialectical variation of (in Rigg's terminology) 'fusion'. An additional dimension is the telescoping of the time-scale: Kwame Nkrumah's declaration—"What other countries have taken three hundred years to achieve, a once dependent territory must accomplish in one generation if it is to survive"—makes the point tellingly. One could readily concede the advantages of this generation in skipping or 'condensing' the historical stages. But the imperatives of nation building inevitably bring the political factor into a far sharper focus. Consequently, the process of administrative development in a prismatic society—'the process of becoming diffracted'—assumes a more

complex character. In fairness to Riggs, we must appreciate the value of his 'prismatic model' in demonstrating the inadequacy of the Weberian typology regarding a 'neutral' and 'rational' bureaucracy. Enriched by a pan-disciplinary approach, this model presents a better differentiated spectrum of developmental continuum. 'Public administration in prismatic societies is not the 'discrete and relatively autonomous system' that it is in several western countries; it is related to other functions and systems, similarly non-discrete and non-autonomous, in 'a single complex totality'. 'He goes further and says that the prismatic model is 'intrinsically paradoxical'. "It cannot offer a direct or simple account of what, on deeper investigation, turns out to be a highly complex subject. In particular, the more prismatic a society, the more intermixed its 'administrative' structures are with its social, economic, political, and cultural aspects." Even so, 'diffraction' defines the trend of administrative evolution.

We may recall at this juncture our observation earlier regarding the primacy of the political factor (in the context of socio-economic change) providing a new dialectical variation of 'fusion'—a fusion quite different from that associated with 'agraria'. Advance towards industrialisation need not be necessarily accompanied by a similar advance towards diffraction. In this respect, the countries of the third world have something in common with those of the second world. It is not suggested here that fusion of this type is preferable to diffraction. In the relatively narrow range of alternative futures (for prismatic societies) in the 'liberal-socialist' spectrum, much depends upon the pace of economic development and progress towards a participant society. However, an important implication of the foregoing analysis is that the developing countries have to contend with the problems of a 'higher' kind of fusion as they move towards industrialisation. In relation to public administration, they have, in other words, to contend with structural and 'empathic' (Lerner's phrase) gaps. The situation demands greater sensitivity to means and details, and political and administrative skills of a high order.

Such a perspective, it is hoped, would facilitate a clearer appreciation of the issues involved in the present discussion about 'decentralisation'. As the title of this paper indicates, we are concerned here with a dimension of decentralisation associated with panchayati raj. Panchayati raj bodies are basically (rural) local self-government institutions. As such, they are not infrequently referred to as 'political' entities. There is, however, an important distinction between the national government—and unit governments in a federation—having plenary legislative and executive powers and such entities whose existence and powers are based upon revocable statutes and administrative

¹Fred W. Riggs, Administration in Developing Countries—The Theory of Prismatic Society, Boston, Houghton Mifflin, 1964, p. 95.

²Ibid., p. 99.

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orders. Moreover, the deliberative, executive and administrative functions show a greater degree of overlap at this level, and, therefore, a lower degree of differentiation. When it comes to the narrower realm of 'implementation', the realities of grassroots life tend to blur the roles of officials and non-officials; a higher degree of fusion is inherent in the ecology of administration at these levels. In view of this, it would be more appropriate to describe these entities as quasi-political or political-cum-administrative bodies.

Consequently, decentralisation in this context can be spoken of as political-cum-administrative decentralisation. Administrative decentralisation generally refers to the transfer of authority or devolution from a higher authority to a lower authority in such a way that the lower authority enjoys a measure of functionally desirable autonomy; in the case of mere 'deconcentration' or 'delegation' this autonomy is less secure. Apart from the formal basis, much depends upon the human actors—their outlook, style, and equipment; the form of power has to be distinguished from the substance of its exercise. In a situation of formal 'deconcentration', it is possible to expect the substance of decentralisation in practice. Technically, however, devolution, indicating a higher degree of autonomy, goes better with decentralisation. Decentralisation will be used here in this sense.

With reference to the institutions of local self-government, decentralisation has a more complex dimension: political-cum-administrative. Elected functionaries enjoying statutorily defined autonomy have certain political status. For this autonomy to be real, there should be a corresponding degree of administrative autonomy. The enmeshing of administrative structures, with their line hierarchies traced to the state capital, has a vital bearing on the functioning of these institutions; administrative decentralisation would thus be a necessary concomitant of 'democratic' decentralisation.

Panchayati raj, however, is a qualitatively different type of local self-government apparatus. In the Gandhian framework, it was visualised as the base level of a radically decentralised polity. Though the polity established by the constitution has very little in common with the Gandhian model, the Gandhian inspiration has been conducive to a more radical conception of panchayati raj. This inspiration converged with intimations of the community development programme for a more vigorous democratic input into the apparatus of development administration. Panchayati raj thus goes beyond conventional local self-government.

PANCHAYATI RAJ AND DEVELOPMENT : BEYOND LOCAL SELF-GOVERNMENT

The case for administrative decentralisation in general, and that for

local self-government, are well known. Administrative decentralisation removes congestion at the centre, facilitates a speedier and more effective action with reference to urgent or peculiar problems 'on the spot'. Irrespective of abstract principles, technological backwardness, other things being equal, would entail a greater degree of decentralisation. This is an over simplification, considering the nexus of technology with forms of socio-economic and political organisation and cultural configurations. Our feudal past provides a good illustration. Of special interest in this connection are the roots of local government in the feudal past, and farther back. At this juncture, we hardly need dwell at length on the distinction between local government and local selfgovernment. Local self-government, in the sense of a complex of statutory bodies with a component of elected representatives and invested with certain powers of taxation, is a relatively recent phenomenon—barely two centuries old in most countries of the world. But local institutions, looking after aspects of local affairs, have existed since hoary antiquity, going back to the tribal matrix. Before the process of formalisation began, their basic sanction had been custom. Rural local institutions have been an important aspect of the socio-economic and political structure; and administrative requirements in relatively bigger political units add another dimension. Considering the place of custom in the total legal system, legal fictions concerning the discretion of the sovereign power cannot be taken literally. In England, the proposition that 'municipal liberties' are as much a part of the common law as individual liberties, indicates the sturdy base of local government in general.

Democratic theory, with its distinctly sharp accent on the needs, interests and susceptibilities of the citizen, imparted, by transforming local government into local self-government, a new dimension and justification to the former. The period during which this took place, spanning the evolution of the modern industrial civilisation, witnessed expansion in the activities of local self-government. To the traditional functions—watch and ward, charities, repairs to roads, bridges and churches—were added 'civic' functions—protected water supply, drainage, street cleaning and lighting, regulation of markets and traffic, and sanitation and health in general. Later, local public works and educational facilities joined the array; democrats also visualised local self-government as an arena of political education, and a nursery of representative government.

These are sturdy roots indeed. The case for local self-government in the context of a modern democratic civilisation can be summed up as follows: It increases the efficiency of the political system as a whole by reducing the scope for abuse of power and costly mistakes incidental to excessive centralisation, and by helping to improve the political judgement and capacity of 'ordinary' citizens through its 'nursery of democracy' role at the grassroots level; it serves as a feedback mechanism, a mechanism which is self-corrective

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in some respects insofar as the provision of services to citizens in the proximate environment is concerned—services in which citizens are in general more interested, and by which they tend to judge the performance of a democratic government as a whole; and, above all, only local self-government would be in a better position to appreciate the environmental uniqueness of localities, and their problems, needs, styles and perceptions (Yes, styles and perceptions, for a locality has a personality, is a state of mind), and are in a position to cope with them in ways beyond the competence of centrally directed bureaucracies. These advantages, taken together, far outweigh disadvantages associated with 'local tyranny' and even, for that matter, the relative 'inefficiency' of elected functionaries. It can be argued that these disadvantages could be overcome through suitable organisational and educational devices. In any case, since problems like these impinge upon the socioeconomic structure and politico-administrative culture, the assumed efficiency of the bureaucracy has to be weighed against very significant non-quantifiable gains of democratisation in terms of creating a psycho-social infrastructure conducive to economic growth. Such, one might say, is the latent efficiency of democracy!

Insofar as panchayati raj performs the traditional civic, welfare and regulatory functions associated with local self-government, these preliminary considerations are equally valid in its case. However, as pointed out earlier, it is an apparatus of development administration, and an expression of 'democratic decentralisation' of a relatively more radical variety. A glance at the categories of functions performed by the panchayati raj institutions (taking a comprehensive view of the picture in the country as a whole) would make the point clearer.

Gram Panchayat

Sanitation and health; public works; agriculture, forests, and animal husbandry; village industries; welfare activities and promotion of voluntary bodies; education, sports and culture; and general administration and security.

Panchayat Samiti

Sanitation and health; public works; planning, coordination, supervision and execution of developmental programmes, including agency functions.

Zila Parishad

Public works; planning, coordination, supervision and execution of developmental programmes, including agency functions.

Civic, welfare and developmental functions cannot be classified too neatly; they are bands in a spectrum. Even so, the above list is helpful in

having a broad idea. The traditional functions—civic, welfare and regulatory—figure prominently only at the gram panchayat level; planning, implementation and coordination of developmental programmes loom large at higher levels. Given the magnitude of the task of rural development one can confidently predict that the developmental component will grow in volume and intensity.

There is a school of thought among administrators, academicians and political leaders, that development administration, being primarily a matter of efficient implementation, panchayati raj has little utility beyond satisfaction of a doctrinal urge. A good cross-section of persons subscribing to this view are prepared to go along with democrats ('We are no less democratic than others'), but still plead that 'we should have our priorities right'. Between economic development and democracy, the former, being extremely urgent ('Accomplishing the tasks of centuries in one generation') should take precedence. In support of their stand, they point out how the functioning of panchayati raj has been isolated by factionalism, party politics, corruption, parochial loyalties, and inadequate appreciation of procedures and norms on the part of non-officials. On the other side are staunch democrats who assert that democracy should come first, irrespective of the contribution of panchayati raj to economic development. They are, of course, happy when told that in Maharashtra and Gujarat, where there has been a genuine transfer of powers and resources, panchayati raj institutions have done quite well. Should it be otherwise, they invoke faith in democracy as the final arbitrator; for democracy, or to be more precise, democratic decentralisation, is an end in itself.

The real world, however, does not admit of sharp disjunctions like 'democracy first and development later' or 'development first and democracy later.' In this connection, we might recall our discussion in the preceding section about 'development', the combined thrust of liberal and socialist ideologies towards a 'participant society', and the closed nexus between politics and administration, both as a description of existing realities and as a prescription for accomplishing the imperatives of nation building. In this perspective, it is worthwhile examining the extent of congruence between economic development and democratic input in development administration at 'local levels' in as 'concrete' and 'pragmatic' a manner as possible.

Community Development: The Context of Development Administration

The nature and structure of development administration in India has been profoundly conditioned by the community development (CD) programme launched in 1952. Of the several models of rural development—a vital task— India chose the community development model as being more

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consonant with its political system and aspects of its cultural idiom. Mobilisation of human and material resources (in a situation of scarcity), and harnessing them for rapid economic development was essential. Community development, with its accent on a people's willing cooperation, was considered a better approach. Those who sharply focus attention on the 'administrative' dimension of development administration, tend to gloss over the democratic (political) dimension.³ D.J. Schler seeks to correct this: In community development "there is a definite input of democratic values, principles and procedures that, when applied in various settings of society, can be expected to loosen rigid social structure." The rigidity of the traditional Indian society (An ascriptive order basically antithetical to the values of human dignity, equality and freedom) is well known. From the standpoint of economic development, loosening of this structure leading to achievement orientation, productivity, occupational mobility, the spirit of economic enterprise across a wide social canvas, and a 'modern' outlook involving a better appreciation of economic opportunities and their linkages with other aspects of life, is essential. Here is an aspect of the 'churning process' of democracy which, far from being dysfunctional from the standpoint of economic development, is essential for it. In a prismatic society, the problems of transition can never be easy. But from this it does not follow that the bureaucracy-dominated development administration is better conducive to economic development. or, for that matter, more efficient.

Bridging the Empathic Gap

This takes us to the 'empathic' gap referred to in the previous section. The degree of universalism, impartiality and rationality characteristic of western bureaucracies can hardly be expected in India even at 'higher' Central and State levels. The situation is worse at the grassroots levels where there is a relatively greater degree of fusion. Power structure in rural areas is heavily loaded against the poorer and ritually 'low' castes. Apart from the traditional functionaries like the village headman and accountant, a host of 'government servants' at the local levels tend to be drawn mostly from the strata enjoying socio-economic and ritual advantages. When it comes to the question of attending to the needs and grievances of the people, the problem of the

⁴D.J. Schler, "The Community Development Process," in L.J. Cary (ed.), Community Development as a Process, Missouri, Missouri University Press, 1970, p. 139. Emphasis added.

³Roscoe C. Martin (ed.), Public Administration and Democracy—Essays in Honour of Paul H. Appleby, New York, Syracuse University Press, 1965, p. 171. The reference here is to extracts from Appleby's writings in John M. Gaus' contribution. Appleby thought that 'Politics in a democracy is peculiarly qualified to uphold the mass interest'. But he had a different opinion of 'democratic decentralisation'.

empathic gap is accentuated by the ritual distance; the secular distance, of course, is there in all its status-bound rigidity. Bureaucracy at the lower levels thus tends to be relatively more supercilious, unresponsive, and corrupt; and in a good number of cases downright oppressive. Because of the 'fused' character of the traditional rural societies, they are, if at all, only marginally better than non-officials in respect of parochial caste and other loyalties. To bridge this empathic gap, a structural innovation like the panchayati raj is very useful. In a prismatic society, loosening of the 'rigidity' of the lower bureaucracy through democratic structural inputs is necessary both for social and economic development. Panchayati raj serves to bridge both the structural and empathic gap to a significant extent.

Institutionalising the Thrust of Community Development

The conceptual and historical nexus between CD and panchayati rai in India was clearly brought out by the Balwantray Mehta Report. An official document cited by it made the following points: 'In relation to the people. community development is essentially both an educational and organisational process...', and, 'to be effective, this demands the emergence and training of a new type of local leaders'. That new type could only be thrown up by the democratic process. The remedy for the patent inadequacies of the CD and NES programmes, to the Mehta team, and to numerous others in government, academia, etc., was panchayati raj. In a sense, panchayati raj could be regarded as a highly institutionalised version of CD. Its more direct contribution to 'efficiency', and development will be touched upon later. We may note here that the widest possible involvement of the people in developmental efforts is a gain in terms of legitimacy, and nation-building. A network of smaller democratic wheels, besides the giant ones operating at the Central and State levels, impart resilience and strength to the political system as a whole. A factor like this is bound to have important economic implications.

Flexibility and Adjustments to Local Priorities

Besides 'modernising' bureaucracy at local levels, panchayati raj facilitates adjustments to local priorities. The World Bank Sector Policy Paper on 'Rural Development' (1975) has thrown valuable light on this and related aspects: "Local control provides the flexibility for the proper integration and timing of activities, and for the modification of programmes in response to changing conditions. Community involvement, which is essential to a sustained development process, is greatly facilitated by local rather than centralised control. One particular advantage is that the problems of the community, as perceived by its residents and those imputed by local officials, tend to be more easily reconciled." It may be pointed out that national priorities may

⁵For a detailed discussion, see Shiviah, et. al., Panchayati Raj: An Analytical Survey, Hyderabad, National Institute of Community Development, 1976, Chapters II & III. ⁶World Bank's Sector Policy Paper on Rural Development, 1975, p. 7.

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sometimes come into conflict with local priorities. In any case, detailed know-ledge of local resources and detailed planning for their full exploitation is beyond the ken of Central and State governments. Panchayati raj can fill an important gap here.

Strategy of Rural Development: Implications of 'Small is Beautiful'

The issue of 'big' technology, or at least a proper mix of technology, is going to be increasingly important in the decades to come. The 'ravishing' and 'stultifying' impact of giantism has been forcefully brought out by savants like Schumacher. A none too secure future—what with the growing threats to ecosystem, depletion of non-renewable sources of energy, and environmental pollution—is closing in on the present in a rather menacing manner. Both in the global and national perspectives, planning of a type geared to a more rational (non-violent) utilisation of local resources, will be necessary. In the national context, moreover, industrialisation of the western type may not be able to deliver the goods, even if it were desirable. In her book, The Lonely Furrow. Kusum Nair has pointed out that even if the whole industrial apparatus of the USA were to be planted in India overnight, it could take care of only one-third of India's population. We have no effective alternative to labour-intensive approach, an approach which is in harmony with the 'small is beautiful' thesis. All this entails planning for local resource use of a very sophisticated nature, and organisational and educational efforts on the widest possible scale. The foregoing discussion shows that panchayati rai is an effective instrument for accomplishing these tasks.

Structural Change in the Economy, Intermediate Technology, and Intermediate Aggregation

It is well known that in relation to the requirement, the average annual growth rate of 3.1 per cent so far is grossly inadequate. According to the projections worked out by the Economic Research Division of the Birla Institute of Scientific Research, to achieve even a modest structural change in the economy— to increase the share of industry from its 1970-71 level of 14.6 per cent to 32.5 per cent by 2000-2001—a growth rate of 10 per cent would be necessary. Mobilisation of resources on a massive scale, on the basis of a relatively labour-intensive technology or intermediate technology, and their rational utilisation through sophisticated planning and efficient implementation, are tasks beyond the competence of the Central and State governments, except in a constructive, vicarious sense. Only panchayati raj can deliver the goods—and should be enabled to. Only panchayati raj can facilitate a close fit between multi-level technology and multi-level planning, through local involvement and guidance. (That it is desirable to design panchayati raj in

⁷Economic Research Division of the Birla Institute of Scientific Research, India: 2001, New Delhi, Arnold Heinemann, 1976.

such a way that the needs of location-specific, multi-level planning are met, is a different proposition). The contribution of an institutional support of this nature to fuller development and utilisation of local resources, in the context of multi-level planning, was clearly appreciated by the National Commission on Agriculture. We may add that the indirect contribution of panchayati raj to development is equally significant: the modernising potential of 'intermediate aggregation' (Rajni Kothari's phrase) engulfs attitudinal and structural changes conducive to economic development.

Efficiency and Responsiveness: Evidence of Cornell Study

In a brief paper like this, it is not possible to cover all the nuances of supportive evidence. We would, therefore, content with a brief summary of a very well organised empirical study conducted by Prof. Norman Uphoff and Prof. Milton Esman of the Cornell University. The findings relate to 16 countries: Bangladesh, China, Egypt, India, Indonesia, Israel, Japan, Korea, Malaysia, Pakistan, Philippines, Sri Lanka, Taiwan, Thailand, Turkey and Yugoslavia. The categories of analysis were: planning and goal setting: resource mobilisation; provision of services; integration of services; control of administration; and making claims. And the findings: Involvement of rural organisations in rural development makes a significant contribution to the "effectiveness of planning and the efficiency with which available resources can be utilised". to the maximisation of resources; to the provision of inputs and services; to the integration of these services and their timely supply by communicating requirements and voicing complaints; to the strengthening of administrative accountability; and to the articulation and processing of demands of the rural people in general, and the intended beneficiaries in particular, so that "the goals, priorities and operations of rural development programmes can be responsive to or at least take account of their requirements."9 These contributions add up to a critical factor in the developmental matrix. It may be clarified here that the expression 'local organisations' used in this monograph is wider in connotation. But insofar as they include panchayati raj institutions, the findings are of direct interest to us.

Panchayati raj institutions, thus, have a vital role in rural development, which is quite different from saying that other factors are not important. The following passage from the monograph referred to above throws valuable light on the 'key significance' of linkages. "Organisation for rural development must be seen as a system of institutions performing various functions in the rural sector of a particular country. We found no case where only one institution was carrying the full responsibility for rural development or where

⁸Government of India, Report of the National Commission on Agriculture, Part XIV, pp. 1-2.

⁹Norman Uphoff and Milton Esman, Local Organisations for Rural Development, Analysis of Asian Experience, Ithaca, Cornell University Press, 1974, (mimeo.), Chapter II.

complementaries among institutions were not as important as what the institutions themselves did. Of key significance was the extent and effectiveness of linkages between and among institutions, horizontally with other organisations at the same level and especially vertically between local organisations and structures at the centre of government which set policy and allocate resources essential to success in rural development."10

MANAGEMENT AND POLICY SCIENCES PERSPECTIVE

The points made above indicate, in rough outline, the contribution that panchayati raj can make to economic development. The contribution, however, cannot be viewed in isolation from the horizontal and vertical linkages; in fact, much depends upon how skilfully we organise these linkages. A doctrinaire approach to panchayati raj will thus be self-defeating in the ultimate analysis. Reification of institutions is bad; very few, indeed, would regard panchayati raj as an end in itself.

Given the imperatives of rapid economic development, the stress on performance (as management exponents would put it) should be more, not less. The gigantic task of national development presupposes initiatives at, and guidance from, higher levels. But the action is in the field. Peter Drucker said of MBO: "Indeed, one of the major contributions of management by objectives is that it enables us to substitute management by self-control for a management by domination." So we have 'participative' management, participative in the functional, not populistic, sense of the term. Drucker has convincingly shown how broad vision goes well with higher performance goals: Management "will increasingly stand for the quality of life of a society as much as for its standard of living" A similar approach to more complex organisations like panchayati raj would be of great value.

The fallacy—or is it danger?—lies in dichotomisation. Instead of asking centralisation or decentralisation, we should ask what is the appropriate mix between centralisation and decentralisation so that the objective of a higher standard of living with quality of life is achieved as effectively as possible. 'Hard headed' persons, preoccupied with 'productivity' in a segmental way, have little patience with things like social justice and democracy. If we appreciate the historical context touched upon at the beginning of this paper, they are probably not 'hard headed' enough. Apart from Schumacher, we have a warning from another influential writer, Alvin Toffler. Pointing out the dangers of technocratic myopia, based on elitist premises, he pleads for

¹⁰Norman Uphoff and Milton Esman, Local Organisations for Rural Development, Analysis of Asian Experience, Ithaca, Cornell University Press, p. xii.

¹¹Peter F. Drucker, *The Practice of Management*, London, Pan Books, 1973, pp. 161-62. ¹²Peter F. Drucker, *Management—Tasks*, *Responsibilities*, *Practices*, London, Heinemann, 1973, pp. 34-36.

'anticipatory democracy'. 13 "Yet systems of goal formulation based on elitist premises are simply no longer 'efficient.' In the struggle to capture control of the forces of change, they are increasingly counter-productive. For, under super-industrialisation, democracy becomes not a political luxury, but a primal necessity." And a pervasive kind of democracy at that. "Democratic political forms arose in the West not because a few geniuses willed them into being or because man showed an 'unquenchable instinct for freedom.' They arose because the historical pressure towards social differentiation and toward faster paced system demanded sensitive social feedback. In complex differentiated societies, vast amounts of information must flow at ever faster speeds between the formal organisations and sub-cultures that make up the whole and between the layers and sub-cultures within these." 14 The feedback from layers represented by panchayati raj would be quite valuable from this point of view.

On the basis of this feedback, policy makers and administrators or managers should be able to evolve improved tools, procedures and methods. 'Administration by consent' cannot be treated as an excuse for, or a justification of, a policy of muddling through. 15 What is required is an integrated perspective, of the kind provided by a relatively new field of systematic studies known as 'policy sciences'. Harold Lasswell, a pioneer, identified the five intellectual tasks involved in these studies: clarification of goals, description of trends, analysis of conditions, projection of future developments, and innovation, evaluation and selection of alternatives. A tall order! But the important thing is the perspective (or wisdom if you like). As far as administration is concerned, a related consideration is: "'policy' and 'administration' are seen as ranges on a larger continuum."16 Feedback from 'lower' layers would be used for improving operational policy, and so on. In such a perspective, administrative myopia has as little room, say, as technocratic mvopia. The real challenge lies in combining broad vision with higher performance goals. In a paper, bearing the interesting title 'Strategy for Economic and Social Development', Bertram Gross wrote: "Two aspects of the growing gulf between management techniques and human needs deserve attention: the triumph of tactics over strategy and the retreat from human values."17 A well designed system of panchayati raj should help restore the balance in some ways.

¹³Alvin Toffler, Furure Shock, New York, Bantam Books, 1972 (21st printing), p. 470. Title of section.

¹⁴Ibid., p. 475. Emphasis added.

¹⁵Yehezkel Dror, *Ventures in Policy Sciences—Concepts and Applications*, New York, Elsevier, 1971, p. 260. Chapter 24 contains an interesting of Lindblom's thesis regarding 'Muddling Through'.

¹⁸John P. Crecine, "University Centres for the Study of Public Policy: Organisational Viability," *Policy Sciences*, Vol. 2, No. 1, March 1971, p. 8.

¹⁷Bertram M. Gross, "Management Strategy for Economic and Social Development," *ibid.*, p. 369.

District Industries Centre—An_Experiment in Decentralisation

Ram K. Vepa

THE policy announcement made by the Minister for Industries on December 23, 1977, constitutes a significant landmark in the history of the administration of this country. While the main thrust of the new policy was on the growth of small and cottage industries in rural areas, an important institutional framework has been conceived in the form of district industries centres (DICs).

EMPLOYMENT ASPECTS

The industrial administration for the country can be said to have begun with the enactment of the Industrial Development and Regulation Act in 1951 which set forth the statutory basis on which industrial growth was to be channelled and regulated. The Industrial Policy Statement of 1948 and later of 1956 (which is still in force) set out the basic government policy towards the growth of industry in the public, private and small scale sectors. Both the policy statements laid great emphasis on the decentralisation of industries as providing avenues for growth in the rural areas for the purpose of creating new employment opportunities in the countryside. In spite of all this, however, the number of the unemployed rose significantly from 3.5 million in 1951 when the first plan began to 18 million in 1974 as estimated by the High Level Committee on Unemployment. The draft sixth plan presented in 1978 places it around 20.6 million.

These are indeed disquieting figures but the problem in rural areas is not merely unemployment but also under-employment which is lack of adequate or meaningful work for a much larger number of people. Such under-employment may be 'visible' involving shorter than the normal work period and 'invisible' where the work time is apparently normal but wages are low or where jobs grossly underutilise the skills and talents available in a person. Assuming that a person working for only four hours per day can be considered as under-employed, a sample survey has found that about 1/12 of those said to be employed must be deemed as under-employed. Even more significant

is the number of days a person is under-employed assuming an eight hour working day. On this basis, it was found that the level of unemployment was as high as 236 days in West Bengal, 216 days in Orissa and 179 days in Andhra Pradesh. A study by Dandekar and Rath has estimated rural unemployment to be 40 per cent of the actual population of which 30 per cent are underemployed.

The scenario presented by the Planning Commission in the draft of the sixth plan is indeed sobering: it has been estimated that during the next five years the labour force in India is likely to go upto 294.8 million, an increase of 29.5 million in the next five years. The organised sector will absorb only 2.7 million (assuming a growth rate of 5 per cent which, considering past performance, is not easy to achieve) while 21 million are to be absorbed in agriculture. The remaining 6 million will have to be found jobs in the informal sector or become chronically unemployed. The stark problem in human terms is: can we provide jobs of this magnitude in the next five years to take care of the new entrants to the labour force, even if the backlog of 20 million were forgotten for a moment?

Such widespread unemployment and under-employment seems to be typical of many developing countries of Asia and Africa. As Prof. Brzenski says: "It is estimated that fifteen years from now, 20 per cent of the labour capable males in the less developed nations are going to be unemployed. If all the five year plans of the less developed nations in Asia are successful, the number of jobs will grow by 140 million. The number of employable males during the same period will have grown by 270 millions. The prospect of massive global unemployment is a reality." It has been estimated by the ILO that in the coming decade, out of the more than 220 million new entrants to the labour force in the developing countries (of which 60 million will be in India alone) barely 20 million will be taken care of by the large scale industries. The remaining 90 per cent will either swell the ranks of the landless labour or else migrate to towns leading to congestion and crime.

ADMINISTRATIVE FRAMEWORK

The administrative framework proposed for the implementation of the industrial policies has been largely patterned on the institutional structure of what was left by the British at the time of independence. Most State Governments set up directorates of industries at the State level whose main purpose was to provide assistance to new industries coming up in their respective states. These were manned by officials belonging to the civil service and assisted by personnel recruited to the lower cadres promoted in course of time. The technical expertise available at the State level was comparatively meagre

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and, by and large, the type of industries that were conceived or were set up, were somewhat conventional based on the experience available in the metropolitan areas.

In course of time, this lacunae was filled up through the establishment of State industrial corporations both for the large as well as small-scale industries sectors. In some states such as Maharashtra, Gujarat, Andhra Pradesh, etc., these corporations established themselves as the main instrument of growth and were able to provide considerable stimulus for the development of new industries. Many of the corporations also undertook the job of supplying raw materials for the small-scale units while the large corporations provided technical assistance and equity finance to new units.

Below the State level, the administrative framework was comparatively weak. In most states, there was a district industries officer (DIO) located at the district headquarters who was comparatively a lowly officer in the official hierarchy. His main job was to provide the necessary certificates for the import of raw materials for the few units that existed in his district. There were also problems of training for rural artisans undertaken by various agencies and the DIO had something to do with them. In many districts, industrial estates were set up during the first three plans and the DIO was also involved to some extent in their operations.

Below the district level, an extension officer, dealing with industries, was made available to each community development block under the panchayati raj programme. The working of these functionaries, however, was very poor and unsatisfactory due to lack of knowledge and commitment. Consequently, in most States, this post was abolished as it was found redundant and did not contribute effectively to the growth of new industries in the rural areas.

Thus the administrative framework available for the development of new industries was comparatively weak and concentrated mainly on the establishment of industrial estates, development of industrial areas and providing assistance to large-scale units in the public and private sectors. The cottage industries sector was looked after by the khadi and village industries boards which were set up on a statutory basis and derived their funds from the grants made available by the State Governments and by the apex national body—the Khadi and Village Industries Commission (KVIC). This organisation developed out of the All-India Village Industries Association and the All-India Spinners' Association originally founded by Gandhiji in the days of the freedom struggle. Consequently, it retains something of the ideological flavour of that period and for a long time refused to accept even the introduction of electric power to motivate the industrial units funded by them. The situation

has now changed considerably but even so the general outlook of the KVIC and the State boards has been somewhat conservative in the matter of adoption of new technology.

PRODUCTION BY MASSES

This is in marked contrast with the attitude Gandhiji had towards technology development during his lifetime. "The problem" he said, "is not to find leisure to the teeming millions that inhabit our villages but how to utilise their idle hours which are equal to the working days of six months in a year. The way to take work to the villages lies through a revival of industries they have hitherto followed." He conceived of a scheme whereby the existing or dying industries can be revived and simple methods improved. Raw material may be supplied from a common stock. "If the will to cooperative effort is created, there is surely ample opportunity for cooperative division of labour, saving time and efficiency of work." But he was pragmatic too about the utility of khadi. "The spinning wheel", he said, "is an attempt to produce something out of nothing". "I entertain no fads in this regard", he added, "all that I desire is that every able bodied citizen of India should be provided with gainful employment. If electricity or even atomic energy could be used without displacing human labour, and creating employment, I will not raise my little finger against it. I am, however, still to be convinced that this would be possible in a country like India where capital is scarce and labour is cheap." "If the government could provide full employment to our people without the help of khadi and village industries, I shall be prepared to wind up the constructive programme in this sphere", he had declared. Pandit Nehru had said in 1942 that "any scheme which involves wastage of our labour power or which throws people out of employment is bad."

But the main thrust of the planning effort in the first three plans at least was in a different direction: to provide a solid base for development of heavy industries so that they, in turn, may sustain and generate the large and small industries sector. The emphasis, at that time, was on production rather than distribution, growth rather than justice; it is indeed difficult to be over critical of such an approach. Much of India's present industrial strength can be traced back to the foundations laid during that period. On the other hand, the belief that such industrialisation will automatically diffuse throughout the country and 'percolate' to rural areas seems to have been belied by experience. The industrial sector has been, and still remains, an island surrounded by a traditional pattern of living where nothing seems to have changed. Subsequent events have also vindicated the scepticism whether equitable distribution would automatically follow increased production; the experience, in fact, has been the reverse, that with a greater volume of production, there is a tendency for the vested interests to entrench themselves and prevent any

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meaningful redistribution of the fruits of such a development. As C. Rajagopalachari, the veteran statesman, had wisely warned many years before, "it becomes even more difficult to redistribute after the country has attained some strength than it is at the initial stages of the growth." Since 1969, therefore, there has been an emphasis on growth with justice and provision of greater equality of opportunity for all.

There is now increasing recognition that creation of more jobs is one of the most important problems facing the developing countries. The Pearson Commission on International Development has concluded that "the failure to create meaningful employment is the most tragic failure of development." In Sri Lanka, there was a major revolt in 1971 started by the educated youth who were either unemployed or were not gainfully employed. The ILO has established a World Employment Programme to focus attention of both the developing countries and the aid agencies on this problem and has completed a number of country studies on Colombia, Sri Lanka, Kenya, Iran and the Philippines. The ILO proposes to reverse the planning approach that has so far been used: "Employment becomes the target and overall growth the byeproduct, rather than the other way around." The ILO has suggested that this could be attained through a strategy of development involving a comprehensive programme of rural development, labour-intensive public works programme and fuller utilisation of industrial capacity, promotion of labour intensive industrial products for domestic and foreign markets and application of economically sound labour intensive techniques in industrial production. There will be need for more investment in human as compared to physical capital.

NEED FOR COORDINATION

The real reason for the limited success of such programmes is that to be really effective, they need to be interdisciplinary and coordinated over a number of agencies. In agriculture, it is important to create the necessary conditions for increasing farm output by making available new inputs such as improved varieties of seeds, fertilisers, improved technical knowledge in as much as these are complementary to the farm supplied resources of labour and land. There is a naive belief that such efficiency can be attained by an indiscriminate use of tractors and other mechanised equipment which leads to large farm or cooperative farming neglecting the simple possibilities of improvement that can be easily effected and which can yield rich dividends—while tractors lie idle for want of spares and maintenance facilities. It was reported sometime back that 50,000 tractors (about 20 per cent of all the tractors in the country) worth Rs. 150 crores were lying idle for want of spares. A simple thresher can reduce the time required for threshing from a month to days. The time needed to prepare a seed bed using traditional bullocks can be reduced from 94 to 18

hours per acre by using a mould board plough and a modern harrow rather than the traditional plough and plant method. The revolving weeder represents an improved cultural practice. Sprayer packs that can be carried on the back reduce disease and insect damages. Developing countries can easily adopt such simple devices immediately instead of planning large-scale mechanisation which neither creates jobs nor can operate efficiently.

One of the inhibiting factors in the growth of small industries is the large number of approvals that are required to be taken by a potential entrepreneur before he can commence production. Although in popular parlance the small-scale sector is said to be free — without the need for licensing—it has been estimated that as many as 30 to 40 approvals are required before entrepreneurs can really get into business. These are to be taken from a variety of departments and agencies which is both time consuming and tedious, with the result that a potential entrepreneur is frustrated by the time the preliminary formalities are completed.

In addition, the provision of finance to the small-scale units is still somewhat unsatisfactory. In spite of the considerable improvement that has been effected in the provision of credit to small-scale units, there is still some reluctance on the part of the commercial banks to regard the small entrepreneur as a worthwhile risk. The volume of credit that is made available to the small-scale sector still remains far below its requirement and many potential entrepreneurs in the rural areas are discouraged by the unsympathetic attitude of the branch managers of the banks.

The problem of technology also is a real one. The research and development institutions in the country have tended to concentrate their attention on the problems of the large-scale sector and have neglected to a large extent the problems involved in the rural areas. There has been an attempt in recent years to reorient the working of R&D institutions but even so the main thrust of the work of the various laboratories has been towards undertaking high grade scientific research which is of interest to a limited number of industrial units in urban areas. It is yet to be recognised that what is needed in most rural areas is not necessarily high grade technology but simple improvement that can go a long way.

SMALL IMPROVEMENTS GO A LONG WAY

It is interesting to recall that much of the agricultural prosperity of Japan developed soon after the Meiji Restoration a century back (and which, in turn, provided the motive force for its industrial growth both before and after the Second World War) was due precisely to such small, almost trivial, improvements effected in the equipment used for agricultural operations.

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"If Japan's experience teaches any single lesson regarding the process of economic development in Asia" writes William Lockwood in his perceptive study Economic Development of Japan, "it is the cumulative importance of myraids of relatively small improvements in technology which do not depart radically from tradition or require large units of investment. The big modern establishment with its concentration of capital in advanced forms of technology was essential in many fields, of course... Much of the real substance of Japanese economic growth, however, is found in the more modest types of improvements which were more easily and pervasively adopted, more economical in cost and often more productive of immediate returns in income. For any poor country beginning to industrialise, one of the crucial problems is to introduce and spread such innovations as widely as possible." It is a pity that this simple lesson is so little emulated by developing countries who proprofess great admiration for the so-called Japanese 'miracle'.

Even in recent times, Japan and China offer examples of countries which have deliberately followed a course of technological pluralism—the 'dual economy' of Japan and the 'walking-on-two legs' theory of China. As Graham Jones writes in Role of Science and Technology in Developing Countries: "Japan has made extensive use of labour saving techniques in many manufacturing sectors. At the earliest stage of development, major capital intensive industries were served by a large number of small labour-intensive shops where much lower wage rates were paid. But such a system requires a high level of managerial ability, plus a social discipline which allows wage discrepancies to be remedied in pace with economic growth. China is attempting the simultaneous development of techniques with varying degrees of mechanisation, including technologically simple industries to mobilise local resources despite the national constraints of materials shortage, transport and storage bottlenecks and seasonal labour requirements in agriculture."

In many other spheres, there is need for a hard look at the existing practices and attitudes which often militate against greater use of labour in place of machine. Administrative practices derived from western countries tend to take over a 'culture' which automatically assumes that the more machinery that is put on a job, the more efficient it is. Thus road construction and other civil engineering jobs are usually decided on the basis of the lowest tender quoted irrespective of the employment generated in the process; no consideration is given to the 'social costs' of providing employment in such projects. It is interesting to note that China has demonstrated the vast possibility of using massive human resources of the country in executing giant irrigation projects; their basic policy has been, in the words of Chen and Galenson, "to utilise as fully as possible the vast human resources in China and to substitute labour for capital through labour accumulation in order to make up

for insufficiency of capital funds." In India too, a similar attempt has been made in the construction of the giant Nagarjunsagar dam across the river Krishna in Andhra Pradesh; but what is needed is a drastic reorientation of administrative attitudes which take no account of alternative patterns of executing jobs which involves larger manpower that is readily available in the country.

MYTH OF EFFICIENCY OF LARGE INDUSTRY

The assumption that large-scale industries will automatically create employment in the developing countries has, in fact, been completely belied by actual performance. Such industry has not made any dent in the creation of new employment opportunities and its ability to do so is constantly vitiated by more automation introduced to suit the requirements of the developed countries where capital is plentiful but labour is scarce. In the developing countries, the situation is just the opposite and it is, therefore, no surprise that in such a situation, the strategy adopted for creating more employment in the developed countries does not yield any fruitful result. What is relevant in the developing countries is not the output per worker, but the output per unit capital invested. This, in turn, means that industries developed in the labour abundant areas need to be labour intensive rather than capital intensive and that the investment per worker should be as low as possible. Such investments vary widely even amongst the developing countries: in rubber goods this ranges from \$626 in Korea and \$756 in Thailand per worker to \$1,272 in India and \$ 2,645 in the Philippines. It is better to encourage small and medium industries which are more likely to use labour intensive technologies rather than the large units which go in for automated techniques.

The reluctance to use more men than machines is not solely due to consideration of efficiency, as is often made out. As Edward Mason has pointed out: "In most countries machines are easier to manage than men. It is easier, given the requisite skills, to secure a given output by administering a capital intensive process than a labour intensive process. It is no wonder that in both Pakistan and India, public management shows little concern for the economics of labour using techniques or for saving foreign exchange by the substitution, where possible, of local materials and labour." The unrealistically progressive legislation adopted by developing countries in regard to labour welfare has further aggravated the problem by frightening management away from employing labour.

The myth that small-scale units are intrinsically less efficient than large units has long since been exploded; Japan's small industries, since the Meiji Restoration a hundred years back, and more recently the experiences of small industries development in India and Korea, have demonstrated clearly that it

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is not intrinsically necessary for the small units to be less efficient than the large ones. In fact, studies carried out in many countries have shown that the profits earned by small firms in Japan, India, the Philippines, Korea and Egypt are larger than those earned by the big units. Even in regard to output, the small units produce relatively more output per capital invested than the large ones. The Kenya report of the ILO team has stated that contrary to expectations, "it is the smaller and medium sized rather than the large establishments that are most efficient in terms of value added in relation to both fixed capital and investor's stocks." It is for this reason that most developing countries are looking to the small and medium industries with a relatively larger labour intensity to help in solving the problem of unemployment.

But even where government are committed to developing the small and medium industries the policy they adopt and the type of industry selected may be such that its beneficial impact is nullified. One of the common incentives provided to the small industries is to reduce interest rates on fixed capital or, in other words, to make money artificially cheaper for the small entrepreneurs, whether in agriculture or industry. The result of it is to encourage these small units to go in for more capital equipment than would otherwise have been the case which is just the opposite of what was intended in the first instance. Thus the cost of a tractor calculated in terms of wheat is only half in India what a farmer pays in Iowa in the U.S.A. In the Ivory Coast, the loan made to finance a tractor costs the farmer only half of what it costs in Germany. Similarly, the machinery used for rubber products is more in India and Thailand than in Korea. This is clearly a misuse of capital resources and has the double disadvantage of expending a scarce commodity at the expense of one that is available in abundance.

The belief that industrialisation can solve the problem in the short run has been found to be not valid as Gunnar Myrdal has said: "The employment effects of industrialisation cannot be expected to be very large for decades ahead, that is until the region is much more industrialised." W. Arthur Lewis has put forward the same views in his lectures to the University of Ghana (1968): "A country does not get the full benefit of industrialisation until it is skilled enough to run its own plants, has developed its own engineering industries so that its machines are made by its own people and is saving enough out of its own income so that it is no longer borrowing capital from abroad. In other words, you do not get the full benefit until you are fully developed" — which is indeed a poor consolation for any developing country!

DISTRICT INDUSTRIES CENTRE PROGRAMME

In pursuance of the policy of the Government of India announced on December 23, 1977, to pay greater emphasis to small and rural industries, particularly in the semi-urban areas, an institutional framework has been proposed to establish a district industries centre (DIC) in each of the districts of the country. The major thrust of this programme is to make available at district level expertise to help the rural entrepreneurs and also to remove the current bottlenecks to such entrepreneurs.

Even more important is the problem of formulating technically feasible and economically viable schemes that are relevant to the rural areas. The expertise for doing so is not yet available at the district level nor even at the State level. As saidearlier, while R & D institutions spend considerable amount of money on research programmes in national laboratories, few of them have relevance to the problem of the rural areas. Even if they do, the engineering aspects of converting them from a laboratory experiment to an industrial project provides insurmountable obstacles. Organisations which have been set up to act as a bridge between the R & D project and the entrepreneur have tended to act as little more than 'royalty collection' offices.

All this has made the establishment of industries in the rural and semiurban areas by the small entrepreneurs an almost impossible task. The proposed DICs are meant to fill this gap by providing a new framework under which the necessary approvals required for such a unit can be provided by a single agency at the district level. For this purpose, the DIC will be manned by a general manager of the rank of a joint director of industries assisted by seven 'core' functionaries in the fields of economic investigation, marketing, training, raw materials, equipment and machinery and cottage industries. Financial assistance which is so vital to the implementation of the project will be looked after by a manager (credit) who will be made available by the lead bank for a period of two years and funded by them during which time an understudy will be selected and trained by him.

The Government of India have offered to provide to each State Government Rs. 5 lakhs non-recurring expenditure on building programmes to house the DIC (land being provided by the State Government) and to meet 75 per cent of the recurring expenditure, not exceeding Rs. 3.75 lakhs per annum. So far 216 DICs have been sanctioned almost all over the country; it is expected that within the course of the next one year, every district in the country will be covered under the programme. The general managers are being recruited by the State Government from the industries departments and other government departments and in some cases from the open market. Similarly, the functional managers are being made available by respective departments that deal with the particular discipline.

An extensive training programme has been undertaken so as to equip all the general managers with the right attitude for the task. The training of the general managers has been undertaken at the Small Industries Extension 700 RAM K. VEPA

Training Institute, Hyderabad, and at the Indian Institute of Management, Ahmedabad. So far nearly 150 general managers and 732 functional managers have been appointed, of whom 136 general managers and 472 managers have been trained. Training programmes for the functional managers are being conducted by the various institutions such as the Small Industries Development Corporations, the National Productivity Council, the Administrative Staff College, the Birla Institute of Technology, the State Bank of India, etc.

The DICs have commenced regular business by the middle of August. Already many of them have taken up the work of identifying the areas of growth and the programmes which are designed to assist them. In many cases, the DICs overlap the areas where programmes under the rural industries projects and the rural artisan programmes had been taken up earlier. In essence, therefore, the activities are a continuation of the programmes already in existence. But, in any case, it has been made clear that the DICs should bring a total integrated approach to the development of the resources in the district, both human and material. What is intended is not the establishment of a few engineering units based on imported raw materials as has happened in the metropolitan areas. It is necessary first to make an inventory of the resources available in the area and then to weave the programmes of development around these resources. In this total approach, all economic programmes have a value - handlooms, handicrafts, sericulture and agroindustries and even other activities such as dairy, poultry, piggery, pisiculture. All these form a totality of activities in the life of a community that need to be identified and supported through imaginative programmes.

As important as the technical expertise is the attitudinal factor involved under the new programme. It is for this reason that everyone of the training programmes of the general managers and the functional managers included a three-day module on behavioural aspects so as to equip these persons with the ability to interact with the people. Since rural entrepreneurship is to be identified and motivated, it is essential that those who work with them understand clearly how to do so. Such entrepreneurship is not totally lacking in the rural areas; it is only dormant and has to be reactivated through suitable techniques.

Another important problem in regard to the operation of the DICs is marketing. Here one would have to tread carefully since a balance has to be drawn between government support and the initiative necessary for the entrepreneur to market his products. Government programmes often tend to kill such initiative which is disastrous, particularly where marketing is concerned. Suitable marketing strategies need to be drawn up at the national level with expertise drawn from the public and the private sectors; these will then be tailored to the specific requirements of the area and channelled to the DICs

through established institutions like the Small Industries Service Institutes and the Small Industries Development Corporations.

CONCLUSION

The DIC programme represents an imaginative extension of the administrative framework into the areas of industrial administration. Admittedly, this is not a new technique; it is primarily a concept utilised more than 100 years back when the district administration was fashioned and the role of the district officer had evolved over a period of time. The important areas of administration at that time were primarily the collection of revenue and the maintenance of law and order. A district officer (whether called a district collector or deputy commissioner) was conceived as a focal point of the district administration with an ability to oversee all the programmes without interfering unduly in them. A similar concept is now being sought to be extended to the limited area of industrial economic administration so that a totality of functions emerges from the DIC. Given the right type of personnel, there is no reason to doubt that the DIC can play a vital role in the field of industrial administration, even as the district officer has been the pivot of the administration at the district level.

HANDS TO WORK

Mechanisation is good when the hands are too few for the work intended to be accomplished. It is an evil when there are more hands than required for the work as is the case in India.... The problem with us is not how to find leisure for the teeming millions inhabiting our villages. The problem is how to utilise their idle hours, which are equal to be working days of six months in the year.

Decentralisation: A New Philosophy of Corporate Life

M.A. Muttalib

THE creation of a decentralised organisational structure is one of the important social inventions of this century. With ethical roots in democracy, decentralisation has become an idealistic concept, a way of life, and an end in itself. It suggests a system in which people will be given an opportunity to perform their individual goals to the maximum. Local autonomy, beginning with the individual, thus is an important credo of decentralisation. It has emerged as a philosophy of corporate life whether, political or non-political, civil or military, commercial or non-commercial, with a set of organisation values along with sociological, psychological and spiritual facets.²

SEMANTIC VARIATIONS

Nevertheless, decentralisation is one of most confused and confusing of the administrative techniques that characterises the art and science of professional management.³ This may be attributed to the semantic variations. Sometimes, in popular parlance, decentralisation, devolution, decentralisation and delegation are used interchangeably despite their distinct denotations. Among them, transfer of authority is the common denominator. If devolution has political and legal connotations, and deconcentration and delegation administrative only, decentralisation embraces political, legal and/or administrative.

Deconcentration, decentralisation and devolution imply transfer of authority in geographical terms; deconcentration from the headquarter administration to field administration (as, for instance, the district collector in Andhra Pradesh has been made head of every development department at the district level) devolution and decentralisation from Central/State Government to local government (as, for instance, the panchayati raj institutions).

¹Cf. Lensis Likert, New Patterns of Management, McGraw Hill Kogakusha, Ltd., 1961, p. 85.

²John M. Pfiffner & Frank P. Sherwood, *Administrative Organization*, Prentice Hall of India Ltd., New Delhi, 1964, pp. 203 and 190.

³Louis A. Allen, Management and Organization, McGraw Hill Kogakusha, Ltd., 1958, p. 136.

Deconcentration is based on administrative action, devolution on political, and legal, and decentralisation on political, legal and administrative actions. Deconcentration involves transfer of responsibility⁴ with equal authority⁵ in respect of delegation. Devolution and decentralisation involve transfer of authority necessary to discharge the responsibility assigned. If in deconcentration and delegation accountability⁶ is upward, in devolution and decentralisation it is both upward and downward (that is to the creators, namely, the Central/State Government and the local electorate). Delegation refers primarily to the entrustment of responsibility and authority from an individual to another.

If decentralisation is a more coveted form of transfer of authority from the point of view of the subordinate in relation to the superior, delegation has an aura of responsibility to the superior in relation to the subordinate. Both seek to rectify lopsided situations. At the same time, both are indicative of tendencies that go to increase the importance of the subordinate. If decentralisation tends to seek justice to the subordinate, delegation does to the superior. For under decentralisation what was due to the subordinate by virtue of his authority of knowledge is restituted, while under delegation the superior seeks to provide himself with a relief.

CENTRALISATION-DECENTRALISATION EQUILIBRIUM

Then, the terms centralisation and decentralisation, are often used in regard to the incompatibility of their exercise of authority, as if to suggest that an organisation which is characterised as centralised, is completely devoid of decentralised characteristics and *vice versa*. In a stable organisation, centralisation and decentralisation are complementary and not antipathic. In fact one may identify a stable organisation in a state of equilibrium, with a kind of centralisation and decentralisation continuum.

There are certain factors that determine centralising and decentralising tendencies in an organisation. If an organisation is not to disintegrate and has to maintain its existence as a whole, certain functions of a centralising character have to be performed at the central points. They are initiation and final decisions with respect to planning, organising, motivating, coordinating and controlling the work of those who are at the lower levels in the organisation. The operation of these factors provides reserved authority of those operating

⁴Responsibility means work assigned to a position.

⁵Authority has two components: Power (the ability to get things done, that is to say, it is a function of knowledge, skill and personal qualities) and right Lyndall Urwick: *The Elements of Administration*, Harper & Brothers, New York, 1943, pp. 41-42.

⁶Accountability is accepting delegation to perform in terms of the standards established.

from the central points of the organisation. These factors serve a fourfold purpose that holds the organisation together as an entity:

1. to facilitate personal leadership with a view to introduce dynamism in the organisation;

2. to provide for integration for the total operations of the organisation:

3. to promote uniformity of action in regard to purpose, planning and control: and

4. to handle emergencies which cannot either be anticipated or cannot be met at lower levels.⁷

Similarly, the organisation can function as a stable entity provided it decentralises itself when there is a case:

1. to ease the burden on top executives or on those who operate from the central points;

2. to facilitate diversification;

3. to make decisions at the scene of action for effective and fruitful delivery of goods and services;

4. to encourage development of meaningful talents; and

5. to improve motivation of people within the organisation.⁸ A judicious balance is struck between them to obtain a state of equilibrium.

However, the state of equilibrium itself is not something fixed. It varies with the forces in operation, in the functioning of an organisation and the milieu in which it exists. The forces that determine the equilibrium are twofold: internal and external. Internal forces emanate from the requirements of the principle of hierarchy based on the superior-subordinate relationships, on the one hand, and the nature of the services, on the other. External forces are based on the relationship with the clientele, on the one hand, and the environment in which the organisation functions, on the other.

These forces do not operate in isolation. For instance, the operation of the principle of hierarchy may not exhibit much authoritarianism when members of the organisation and the clientele are drawn from a society that value greatly the egalitarian concept. In other words, the stage of political development of a country has a direct bearing in this respect.

Among these forces the nature of the services constitutes a single most pervading one. Most of the domestic services of a government require an

⁷For details of these factors see Louis A. Allen, op. cit., pp. 158-162. ⁸Ibid, pp. 165-171.

organisation outside headquarters if the job is to be performed. Some of these may be available with the field agencies but very little discretion is left with them as, for instance, in respect of the traditional functions like tax collection, police, post and communications. But in respect of the personal services to the citizen such as agriculture, education, health and welfare or the supporting services to these like irrigation, forestry, trunk roads, etc., a greater amount of discretion has to be exercised at the scene of action either for social adjustment or to meet local diversities.⁹

FACETS OF DECENTRALISATION

If centralisation is the systematic and consistent reservation of authority at central points within the organisation, decentralisation applies to the systematic effort to delegate to the lowest levels all authority except that which can only exercised at central points. In other words, when delegation is consistently and systematically practised, it constitutes decentralisation. 10 As Henri Foyal put it, "Everything that goes to increase the importance of the subordinate's role is decentralisation, everything which goes to decrease it is centralisation." With its ethical base in democracy, decentralisation has come into use as an evocation of popular appeal against all forms of authoritarianism in corporate life, public or private, commercial or non-commercial, which suffers from monolithism, excessive centralisation, bureaucratisation, authoritarian staff relations, etc. Monolithism can be rectified in government when public affairs with less political sensitivity are constituted by statutorilyconstituted autonomous bodies. Excesses of centralisation can be neutralised when decentralisation of administration both on geographical and functional grounds takes place. Bureaucratisation can be set right through various measures. One such measure is based on participative management. Similarly, authoritarian form of staff relations can be replaced by the introduction of collective bargaining and concentrative procedures. Hence there is a demand for democratic administration, self-determination, community control, neighbourhood government, individual initiative or participatory management. In all this one may delineate a common running thread—the philosophy of decentralisation based on the assumption that 'the dictatorial boss is dead.'

ELEMENTS OF DECENTRALISATION

One may identify four components of decentralisation: the statutory basis for obtaining systematic and consistent practices; the entrustment of work or responsibility by higher levels of the organisation; the entrustment of

¹⁰Louis A. Allen, op. cit., pp. 158, 162.

⁹For detailed discussion of this aspect see Henry Meddick, *Democracy*, *Decentralization* and *Development*, Asia Publishing House, Bombay, 1963, pp. 39-43.

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authority equal to the responsibility; and the creation of accountability on the part of the decentralised agencies to whom the transfer of authority has taken place to perform in terms of the standards established. Unlike in delegation where the superior may delegate or withdraw his responsibility and authority according to his will and pleasure, in decentralisation the transfer of responsibility and authority is more stable. This is obtained, in organisationwise context, either through statutory rules or legislative enactments.

The decentralised arrangement, which is the bureaucratically controlled out-post in government, and which is actually a form of deconcentration, is characterised in non-government agencies as a form of decentralisation. In this case the transfer of responsibility and authority is regulated by an executive order. In government agencies, when the decentralised arrangement exists, the transfer of authority is through enactment. In delegation, the entrustment of work or responsibility is primary and it is followed by the placement of authority commensurate with the responsibility. It is the other way round in respect of decentralisation. Decentralisation is primarily concerned with the placement of authority with reference to responsibility. For the work must be assigned to the place where it is to be done, or its accomplishment becomes a physical impossibility. The key question is: What decisions can be made by the people who are asked to do the work?

Unlike in delegation or even in deconcentration, in decentralisation. transfer of authority to the lower levels constitutes a complete process. The managerial level under a decentralised set up enjoys full autonomy within the overall framework. It is responsible for planning its own progress, for building its own organisation, coordinating its efforts, staffing its operation, and controlling its own results. It, however, enjoys autonomy rather than sovereignty. Its efforts are both limited and guided by a comprehensive system of centralised planning, coordination and control. It manages within this overall framework. If in the government organisation democratic decentralisation is intended to be financially viable, in the commercial organisation the centralised unit is held accountable for the profit it earns, and the loss it sustains. Adoption of the 'profit centre' concept puts its teeth in decentralisation. In the case of the former its performance is judged on the basis of its financial viability and in the case of the latter on its ability to make profit. Accountability of these bodies is also in regard to: (i) proper exercise of authority, and (ii) proper performance of work.

Accountability is both upward and downward. Accordingly the Central/ State Government has not only a right to guide, advise and control the local authorities but also to supersede or even dissolve them. Similarly, local

¹¹Louis A. Allen, op. cit., p. 162.

electorate also has a right to express its approval or disapproval by re-electing or changing the local councillors.

FORMS OF DECENTRALISATION

The possible variations in decentralised forms of agencies depend upon their legal status; their responsibilities, their authority and their accountability. Among them those created with broad-based statutory foundation are the democratically elected self-governing authorities. They are bodies corporate, enjoying legal status at the local level more or less on the lines of the higher levels of government. The law defines their legal status, their functions. responsibilities and the authority they have over them, the geographical area of their jurisdiction along with the nature and form of their accountability. Among them there are variations depending on their size, nature of functions, degree of authority, and form of accountability. Classification on the basis of size both legally and otherwise is attempted considering their geographical area and population. They may be rural and urban, civil and military, etc. The nature of function is yet another basis that may differentiate one form of local authority from another. Sometimes, civic duties may be entrusted to them (like the municipalities in India), while others may be involved in nation-building activities like the panchayati raj bodies in India. Some may be charged with the traditional services like police as in UK and USA, others may be relieved of such functions completely as in India. Some are treated only as agents of government, while others as units of local-self government. Pure forms on these bodies are fading with the growing realisation that the local bodies can provide better means of contact between the government and the local people. Therefore, in countries where they enjoy full autonomy, they tend to act as agents of government by executing government policy and programme. But this factor also works in favour of local bodies. Thus it gives rise to the emergence of the idea of partnership for the common endeayour to attain the welfare of the people. It tends to mitigate the rigours of law that create the superior-subordinate feelings among them.

Accountability is yet another factor that can be a basis of the classification of local bodies. Basically they are accountable for the performance of their responsibilities both to the higher level of government and the local electorate—if the former gives them legal existence with continuous guidance, advice and control of their performance or, if necessary, supersede or dissolve them; the latter provides a fresh lease of existence periodically, depending on its acceptability in terms of their policy and programme.

The establishment of public or quasi-public corporations for the purpose of administering public enterprises is an interesting type of decentralisation varying in degree from those activities undertaken *en regie*, in which the

control of the corporation by a public body is immediate and in which the latter's budget includes the budget of the corporation, to independent corporations endowed with legal personality separate from that of the parent authority.¹²

In non-government organisations the decentralised types of agencies may also assume different forms depending on the above four elements of decentralisation with a main difference that they are non-statutory bodies with accountability always flowing upward, while the flow of responsibility and authority is downward. The non-statutory status and upward accountability preclude them from their assuming autonomous status on the lines of the elected local bodies except in respect of their operational freedom for adjustment to local conditions and local diversities. However, both are likely to suffer from an evil interest in their patterns. The administration under local elected bodies is always exposed to the danger of the excesses of democracy resulting in misuse of authority and corruption, while under the nongovernment arrangement the organisation may not be responsive to local needs and may not effectively motivate for participation by the people or for voluntary efforts and may also suffer from bureaucratic excesses in the absence of the democratic element that may provide remedial measures. Finally, there are two factors in addition to the inherent centralising factors referred to above that would always act as limiting influences on the functioning of the decentralised agencies: inadequacy of finance and technical knowhow for which they have to look to the higher levels of the organisation for help and guidance. In their absence they either starve or fail to deliver the goods.

Some have seen the nature of good decentralisation in commercial organisations in the way states such as Athens and Rome in antiquity, Venice and Geneva in the middle ages and Spain and England after the renaissance, used to establish colonies. When a corporation alters a small production and marketing group to a completely new product, or sends a small sales team out to a region or country where they have never tried to sell before—in any new situation where promotion prospects can be limitless, depending entirely on the success the team makes of the enterprise—this is colonisation. It is by no means the same as running the department within a corporation or a division, and the difference is in the degree of freedom.¹³

SUMMING UP

In sum, decentralisation is a corollary of democracy when it penetrates corporate life. It provides a philosophy for the exercise of authority in a

¹³Anthony Joy, "Centralization or Decentralization?" in *The Progress of Management* by J.E. Scheme, H. Lazarus and E.K. Warren, 1977, pp. 59-61.

¹²Encyclopaedia of the Social Sciences, Vol. 5-6, Macmillan Company, New York, 14th Printing, 1962, pp. 43-45.

democratic way in an organisation, public or private, commercial or non-commercial. It rejects all forms of domination on corporate life. Decentralisation provides a mechanism for the relief of national legislatures from a constantly increasing burden, which is destroying that effectiveness equally in local, national and imperial spheres; promotion of citizen interest in government by means of wider popular participation; retardation of conditions favourable to bureaucracy by breaking the administrative hierarchy at specific levels of government; closer adaptation of legislative and administrative methods to the needs and opinions of a given area; enlargement of the opportunity for experimentation; and, so far as the use of public corporations is concerned, protection against political interference in the conduct of administrative operations.¹⁴

However, like political democracy, the decentralised way of corporate life is exposed to operational delicacies with competing and conflicting demands on the organisation, irrespective of its form or facet. For it is a delicate exercise of adjusting the individual goals with those of the organisation as a whole. "It not only exacts maturity and character from the individual members of the organisation, but also requires that they be present in the culture of the larger society." ¹⁵

TREND TOWARDS CENTRALISATION

In considering relations between central and local government it is vital to keep in view that the situation is not static. It has been changing over the years since the war, and at an accelerating pace in recent years. If nothing is done, all the signs are that the direction of future change would be the same as throughout the post-war period — towards greater centralisation.

—The Layfield Committee on Local Government Finance (1974-76) U.K.

¹⁴Encyclopaedia of Social Sciences, op. cit.

¹⁵John M. Pfiffner and Frank P. Sherwood, op. cit.

Gandhian Approach to Decentralisation: Its Relevance

C.V. Raghavulu and R. Ananda Rao

WHILE doctrine has held decentralisation as a virtuous concept, many disciples of Gandhi have hardened the latter's idea into a dogma and transformed it into an end-value. Gandhian ideas on decentralisation remained somewhat peripheral to the ideologies and approaches pursued in post-independence India. Keeping the focus on decentralisation, this paper attempts to describe the basic ideas of Gandhi, discuss the factors that are strategic to limiting the scope of the Gandhian path to decentralisation and suggest the areas in which Gandhian ideas are relevant. In evaluating Gandhi's relevance to the concerns of the polity, it is suggested that attempts to reincarnate him would be futile. Instead, Gandhian ideas should be adapted to the altered circumstances just as Marx was adapted to varying historical and geo-political contexts.

THE VILLAGE REPUBLIC

Gandhi's views on decentralisation stem from his concept of swadeshi.¹ In a broad sense, swadeshi implies three things. First, production, consumption and exchange of goods and services should be locality-centred. Second, it suggests reliance on the native polity or indigenous political institutions. Third, it portrays the self-reliance of the basic units of society, the village or other natural communities. By implication, the village economy has to be diversified to be self-sufficient. Like Ruskin, Thoreau and the western utopian socialists, Gandhi fervently hoped to revitalise the village community in all facets—economic, political and moral. "If the village perishes, India will perish too. It will be no more India", is a widely quoted statement of Gandhi.

Within the village community, upto a point, production is for use and

¹M.K. Gandhi, Village Swaraj (compiled by H.M. Vyas) Ahmedabad, Navajeevan, 1963, pp. 54-61. For a discussion on swadeshi, see Madhu Dandavate, Marx and Gandhi, Bombay, Popular Prakashan, 1977, p. 76 and Ministry of Information and Broadcasting, The Collected Works of Mahatma Gandhi, Vol. 1, New Delhi, Publications Division, 1958, pp. 93-94.

not for exchange. Production for consumption within the village has the topmost priority. Among the important wants of villagers, Gandhi includes food, clothing, housing, education, recreation and water supply. The surplus of production is meant for exchange with other villages and cities. A focus on the village is expected to liberate men from unnecessary 'wants' and reduce their dependence on external markets and urban centres.

In Gandhi's view, the ideal Indian village is a 'republic', independent of its neighbours for its 'needs' and yet interdependent for many things in which dependence is a necessity. Most of its activities have to be on a cooperative basis and governed by the norms of the trusteeship doctrine. An elected panchayat, which has the authority and jurisdiction required, governs the village. It performs excutive, legislative and judicial functions. Gandhi asserts:

"Indian independence must begin at the bottom. Thus every village will be a republic or panchayat having full powers. It follows, therefore, that every village has to be self-sustained and capable of managing its own affairs."

Not only every village has to be self-sustaining, but the panchayat must also be capable of managing its affairs and generating local initiative and community participation. Gandhi, like many other writers on small communities, believes that the communication process of a village, based on informal relationships and face-to-face contacts, would facilitate consensus in decision-making.

To Gandhi, the role of government should be limited to those spheres of activity which cannot be handled by the village panchayat. Gandhi envisions, in the structure of society, a parallel polity which would exist in the form of an 'oceanically' spread panchayat system as an independent set of institutions from that of parliamentary institutions.³ Gandhi observes:

"In this structure, composed of innumerable villages, there will be everwidening, never ascending circles. Life will not be a pyramid with the apex sustained by the bottom. But it will be an oceanic circle whose centre will be the individual."

In the oceanic circle, the outer most circumference would not wield power to crush the inner circles and, on the other hand, it would give strength to all within and derive its own strength from them. Gandhi's apprehension

²M.K. Gandhi, Harijan, July 26, 1942.

³Some writers have interpreted it to mean that "the village should be at the centre of the polity, not on its periphery." See Ram K. Vepa: New Technology: A Gandhian Concept, New Delhi, Gandhi Book House, 1975, p. 65.

⁴M.K. Gandhi, Harijan, 28 July, 1946.

is that a highly centralised political and economic life degenerates into a rigid bureaucracy and regimentation, with the power thrust from the top, depriving man of his freedom and initiative. As a pre-condition to his conception of the panchayat system, he insists upon the economic self-reliance of villages and other participating units; without an independent economic base, there would be no parallel polity.⁵

Again, there is a fundamental difference between the Gandhian concept of panchayats and local bodies created by statutes. Gandhi wanted institutions of masses, fought for and formed by them through the process of nonviolent struggle. In other words, it is the experience of participation in a struggle to achieve self-governing village communities that increases the interest and demand for more participation. The Gandhian notion of reduction or minimisation of wants also includes 'self-denying ordinances' on the use of power. Essentially, power should be sublimated by the pursuit of other values. Another important feature of the Gandhian approach is 'voluntarism'. The creation of a village polity, with all the balances and limits, would depend upon the inculcation of individual values and communitarian norms that promote voluntarism. Further, non-material incentives would provide the main stimulus for individual effort and efficiency.

In his mission of explaining the relevance of Gandhi, Jayaprakash Narayan reiterates the fundamentals of the Gandhian approach to promote self-reliant and self-governing communities. According to him, the Gandhian conception of society will neither be 'rural' nor 'urban' but 'communitarian'. The reconstruction of Indian polity would involve an 'inverted pyramid' of authority in contrast to the one created by the constitution. The primary communities would form a regional community, the regional communities a provincial community, and the latter the national community. In this scheme, he says, 'as we proceed from the inner to the outer circles of communal life and organisation, there is less and less to do for the outer communities.' Jayaprakash Narayan asserts that the communitarian polity alone can 'guarantee the participating democracy which is our ideal and which should be the ideal of all democrats."

THE CONCEPT OF 'APARIGRAHA'

In order to assess the substantive relevance of the Gandhian scheme of

⁷Jayaprakash Narayan (Ed. Bimla Prasad), Socialism, Sarvodaya and Democracy, Bombay, Asia Publishing House, 1964.

⁵J.D. Sethi, Gandhi Today, New Delhi, Vikas Publishing House, 1978, p. 42.

⁶Although Gandhi abjures violence, there is a striking similarity between Gandhian and Maoist approaches on this point.

⁸ Ibid., pp. 212-213.

⁹Ibia., p. 214.

decentralisation, we must first try to understand the assumptions underlying his scheme, and examine the criticisms thereof, and then see the extent to which Gandhian ideas can be incorporated into the policy framework of contemporary India. Such an exercise would also permit us to examine the constraints and anticipate the implications of policy alternatives based on the Gandhian scheme. The Gandhian model of decentralisation is based on four major assumptions:

- 1. The enforcement of communitarian norms by the panchayat is possible.
- 2. Resolution of conflicts and arbitration through consensual methods is possible at the village level.
- 3. Economic transactions at the village level are so simple that they can take place without governmental regulation.
- 4. The expectations and wants of the people, including the pursuit of power for ends other than public welfare, remain at a low level under the influence of the doctrine of aparigraha or non-possession. 10

Criticisms of the Gandhian approach cover a wide spectrum, but not all of them are relevant to the theme of this paper. Both Marxians and liberals have attacked the Gandhian idea of a village-centred polity as primitivistic, revivalistic or romantic. To liberal democrats who believe in the efficacy of a western model of modernisation, the Gandhian or sarvodaya concept of polity is a "self-defeating utopia." Liberals do not share the extraordinary optimism of the sarvodaya thinkers to change human nature. Many Marxians and liberals consider India's village as conservative, backward and impervious to innovations and technological change; the Gandhian approach would perpetuate the conservative ethos of rural communities and maximise fictitious villagism as a lever against hypothetical dangers of urban expansion. 14

¹⁰The concept means taking only what one needs and deserves, and no more. For a discussion of the attributes of Gandhian theory see Yogendra Singh, "Gandhian Theory of Action and Radical Ideologies", *Political Science Review*, Vol. 9, No. 1 & 2, Jan.-June, 1970, pp. 119-120. For a secular interpretation of the concept of *aparigraha* see R.V.R. Chandrasekhara Rao, "Gandhi and the Concept of *Aparigraha*", *ibid.*, pp. 126-135.

¹¹See M.B. Rao, *The Mahatma, A Marxist Symposium*, Bombay, Peoples Publishing House, 1969; V.P. Varma, *The Political Philosophy of Mahatma Gandhi and Sarvodaya*, Agra, Lakshmi Narain Aggrawal, 1972; and A.H. Doctor, *Sarvodaya: A Political and Economic Study*, Bombay, Asia Publishing House, 1967.

¹²Doctor, op. cit., p. 163.

¹³W.J. Carpenter and W.H. Morris Jones, "Reconstruction of Indian Polity—Defence of J.P. by William Carpenter and Rejoinder by Morris Jones", *The Economic Weekly*, Vol. XIII Nos. 4 to 6, Feb. 1961, pp. 126-127.

¹⁴Varma, op. cit., pp. 245-251. However, recent social science research contradicts these observations.

Gandhian ideas on participation and consensus have also been the focus of criticism from several commentators. It is argued, on the basis of crossnational evidence, that local politics is not necessarily issue-oriented.15 In this context, the Gandhian idea of consensus has been described as an antimajoritarian concept which would allow the domination of the lower 'classes' and castes by the higher ones.16 The Gandhian approach to conflict resolution, it is suggested, is now based on an abstract notion of equality before the law, but stems from the 'legal identity, rights and duties' based on traditional relationships and customary law. 17 The legal procedures followed by the traditional village tribunals have been criticised for their cultural determinism; the dominant emphasis of these tribunals was to seek a compromise in settling disputes rather than to pursue the 'truth' and render 'justice'. The major objective, therefore, of the consensus approach is to maintain harmony, regulate change and maintain stability by terminating conflicts. It is contended that the consensual approach, even if it had validity in a simple, stable society with limited wants, is not functional to a society in which the accent is on social and economic mobility; there is wide divergence in the norms by which the contending issues of a dispute are perceived and evaluated by the parties involved.

Doubts have also been expressed about the validity of the Gandhian/sarvodaya assumptions in regard to the independence of the village economy as well as the possibility of renunciation of wants, mostly in the light of the post-independence developments. Even the admirers of the Gandhian approach admit that the cumulative impact of the changes brought about under the influence of the Nehruian model of centralised planning and political development and the populist model of Mrs. Gandhi stands out as a serious obtacle to the pursuit of a Gandhian approach. The influence of these changes is manifested in three directions. First, contrary to the Gandhian doctrine of limitation of wants, there has been an explosion of expectations of the people, nurtured assiduously under the compulsions of

¹⁵James W. Fesler, "Approaches to the Understanding of Decentralization", The Journal of Politics, Vol. 27, 1965, p. 544.

¹⁶Ibid., pp. 549-53. The tendency to impute democratic motives to small communities has been questioned by Fesler on the basis of evidence from several countries. He contends that more freedom may not result in self-determination; in extreme instances, it might even lead to anarchy.

¹⁷See Bernard S. Cohn, "Some Notes on Law and Change in North India", Economic Development and Cultural Change, October, 1959, pp. 82-86; Robert S. Robins, "India: Judicial Panchayats in Uttar Pradesh", American Journal of Comparative Law, Vol. 11, Spring 1962, pp. 239-246; and L.I. Rudolph and S.H. Rudolph, "Barristers and Brahmans in India, Legal Cultures and Social Change", Comparative Studies in Society and History, Vol. VIII, 1965-66, pp. 24-49.

¹⁸Jayaprakash Narayan (in his foreword to J.D. Sethi's *Gandhi Today*), op. cit., pp. i to xi. Also see Sethi, *Ibid.*, p. 38 and Vepa, op. cit., pp. 18-19.

democratic politics and a mobilisation imperative. 19 Not only has the populist approach enabled the rapid spread of the belief that the material lot of the common people can, and should, be improved in a short time-span, but also 'scapegoating' has become the primary means of justifying performance inadequacies or failure to meet the expectations. The second trend is a corollary to this: There has been a preference for institutional approaches to social and economic change, with a corresponding de-emphasis on the value of internal restraints and compliance mechanisms. Thus a complex of beliefs and attitudes has been engendered among the various 'publics', inducing them to look upward or to seek governmental interventions. Since many have also internalised the belief that government has the ultimate responsibility for meeting the needs of the people, dependence, rather than the Gandhian notion of self-reliance, has tended to be the modal tendency. Bureaucratisation, through the creation of multi-conveyor belt type of organisations, all the way down to accountants and auditors, has been a natural response to this. The demands of economic rationality and efficiency in the allocation of the scarce investible resources have led inevitably to the adoption of a strategy of centralised economic and social planning. The consequence of such a strategy has been the promotion of rural-urban relations. The village's economic transactions have widened in scope and frequency with the larger society, bringing about a new set of interdependencies and overcoming some of the acknowledged disjunctions between the town and village.

By far the most significant departures from the Gandhian path are in the political arena. In a transitive political system village communities, local political structures and even voluntary organisations have been brought within the ambit of a larger framework of authority. Notwithstanding the fervent plea of Jayaprakash Narayan and others, political parties have penetrated panchayati raj institutions, making them subservient to the upper echelons of an integrated political structure. What is more significant, this interarticulation of political tiers proceeds from above, not built from below as conceived in the Gandhian approach. Many a social anthropologist has pointed to the emergence of new political functionaries—brokers, in Bailey's terminology—who have taken upon themselves the function of aggregation

¹⁹The exposure of rural society to mass communications and the demonstration effect of other nations seem to have reinforced this trend.

²⁰For a discussion on this issue see Jayaprakash Narayan, "The Role of Political Parties in Panchayati Raj", *Indian Journal of Public Administration*, Vol. VIII, No. 4, Oct.-Dec. 1962, pp. 605-608; E.M.S. Namboodripad, "Political Parties and Panchayati Raj", *Ibid.*, Vol. VIII, No. 4, Oct.-Dec. 1962, pp. 622-23; and U.N. Dhebar, "Note on Elections to the Gram Panchayats", *AICC Economic Review*, July 7, 1962. Taking a pragmatic view, the Asoka Mehta Committee on panchayati raj has suggested that political parties should be allowed to participate effectively at all levels. See *The Hindu*, August, 31, 1978.

of interests between the village elites and those above.²¹ The Indian political process utilises the symbols of region, caste, religion, village, faction and other bases of segmentation; in most instances, it has activated, nurtured and exacerbated primordial loyalties and sentiments. Under the new political dispensation, mechanisms for conflict resolution lie outside the village; conflicts are usually resolved either by political elites at the higher levels or through 'win-lose' confrontations in situations involving lateral relationships.²²

The vedchhi movement offers an interesting illustration of how the political process penetrated a voluntary organisation, causing serious disharmony and internal bickerings. The vedchhi movement was initiated in the early 1920s as part of Gandhi's constructive programme in the adivasi area of Gujarat. Over the decades, it played a significant role in the economic regeneration of the area and social transformation of the people. Yet, despite its noble origins and devoted work for nearly half-a-century, political and social influences from the environment have landed the vedchhi movement into a series of acrimonious political controversies. Writing in 1968, I.P. Desai sized up the dilemma facing the movement:

"If the vedchhi movement abjures politics it abjures its own existence and its own development. The association of the movement with the political process before and after Independence contributed to its success along with a band of its selfless workers to no mean degree. Gandhi related his idea of the future Indian society to a more concrete and definite idea of the future Indian polity."²³

In a postscript, written in 1975, Desai adds:

"So far as the *vedchhi* movement as a Gandhian and subsequently, as a *sarvodaya* movement is concerned, has served its purpose. It cannot be revitalised. It is transforming itself very fast into a 'politics' of the common run."²⁴

²¹See F.G. Bailey, *Politics and Social Change in Orissa in* 1959, Berkeley, University of California Press, 1963, pp. 58-63. From a structural-functionalist perspective of the political system, Kothari and Beteille argue that the emerging structures are distinctly 'political' in character and hence functional. See Rajni Kothari (Ed.) *Caste in Indian Politics*, New Delhi, Orient Longmans, 1970, pp. 20-23, and Andre Beteille, *Caste*, *Class and Power: Changing Patterns of Stratification in a Tanjore Village*, Berkeley, University of California Press, 1965.

²²The formal authorisation of powers to local bodies has been off-set by the trend of centralisation of decision-making within the party structure, more so in factional contexts in which the Chief Minister's retention of control over the party became a matter of crucial importance.

²³I.P. Desai and B. Choudhry, History of Rural Development in Modern India, Vol. ii, New Delhi, Impex India, 1977, p. 144.
²⁴Ibid., p. 147.

DISTORTIONS OF GANDHISM

The distortions of the Gandhian scheme by some Gandhian faithfuls, a section of the political elites and a few analysts, are as important to our discussion as the limitations mentioned earlier. Some disciples have tried to overstretch the relevance of Gandhi's views and a few in their zeal to deify Gandhi as an avatar regarded his scheme as sacrosanct. Some of their arguments are rooted in sheer faith and resist analysis. Gandhian ideas have also suffered a blow on the operational side for a different reason. When persons with lesser commitment, charisma or ethical prowess have taken to sarvodaya techniques, their inadvertent failures have militated against the Gandhian approach by empirically invalidating it. While it is not uncommon for a vast majority of politicians to swear by Gandhi, it is not equally infrequent to confine Gandhian relevance to the symbolic level and dwell on the saintly idiom when it is expedient.

Gandhian ideas have also suffered some distortion through oversimplication in the writings of analysts committed to the perspective of deterministic theories; the over-simplication was to pigeonhole Gandhi into one of the conventional dichotomous models of classification. In fact, Gandhian approach bears no conventional classification into conservative-revolutionary, religious-secular or realist-utopian. To be sure, Gandhi did not leave a set body of doctrines that was internally consistent. Nor was he a system-builder; all that he had was a congeries of concepts. Yet, as Jaya-prakash Narayan argues, there is no finality in the Gandhian approach when formulating a model; this is largely because his concepts are not absolute but relative to time and space.²⁵ Gandhi himself was frequently changing his ideas on the basis of his experiments. At one stage, he pointed out: "There is no such thing as Gandhism and I do not want to leave any after me."

For those who are interested in finding the relevance of Gandhian ideas to contemporary India, there is no ideal course; as the preceding discussion suggests, our choices, at this stage, cannot be determined on an a priori basis. The range of choice open to the policy-maker, in picking Gandhian ideas, is also drastically reduced by the complex of values and beliefs nurtured by the political elites, the mass-media and the educational system over the last three decades. In the economic sphere, any hope that reliance on largescale industry and organisation can actually be reduced in the immediate future is illusory, since the policy-makers can scarcely begin by destroying part of the economy already established. We have to recognise that a fullscale revival of Gandhian ideas on decentralisation is hardly possible.

²⁵B.N. Ganguly calls the Gandhian scheme an 'open-ended' system. See his Gandhi's Social Philosophy: Perspective and Relevance, Delhi, Vikas, 1975, p. xi.

Policy shifts, therefore, have to be necessarily incremental.²⁶ Keeping this perspective, we suggest three major fields for intervention. The following section is devoted to a discussion of them.

ROLE OF VOLUNTARY AGENCIES

The relevance of Gandhi's constructive programme to present-day voluntary organisations is perhaps the greatest. He continues to be a powerful role model to voluntary agencies and social workers. Gandhi's traits as an organiser and mobiliser of support-his disarming simplicity, sustained energy, defeness and timely ruthlessness in handling people, an ability to bounce back constructively when thwarted or criticised, a love for running things and a passion for the cause being pursued-seem to be a source of inspiration to them.²⁷ Gandhi also emphasises the free play of voluntarism and nurturing of traditional forms of cooperation. Voluntary agencies can do a better job in activating indigenous forms of self-help than the bureaucratic agencies or political parties.²⁸ While evaluating the relative performance of various categories of organisations in the delivery of economic and social services, Rai Krishna gives a much higher rating to voluntary organisations and autonomous bodies than to the conventional departmental form of organisation. Hence, he suggests that more and more work in rural development be entrusted to voluntary bodies.29

From the standpoint of overall balance in the polity—a principle with which Gandhi was terribly concerned—voluntary agencies should be provided a more important role than in the recent past. Voluntary agencies, if allowed to function independently, can provide counterweights to the bureaucracy

²⁸Upto a point, Tanzania has been able to utilise traditional forms of cooperation in its programmes of rural development. See Uma Lele, "Designing Rural Development Programme: Lessons from Past Experience in Africa" (mimeo.), Paper presented at the Seminar on Change in Agriculture, Reading, Overseas Development Institute, Sept., 1974.

²⁶Under the incrementalist model, marginal rather than comprehensive changes are possible. See Charles E. Lindblom, *The Policy Making Process*, Englewood Cliffs, N.J., Prentice-Hall, 1968. It is our view that the democratic process limits the possibility of introducing over-arching movements or sweeping changes that are possible in mass mobilisation systems like China.

²⁷For a narrative of Gandhian traits see G. Ashe, Gandhi: A Study in Revolution, Bombay, Asia Publishing House, 1968. R. Palme Dutt, the Marxist historian observes: "Gandhi alone of all the leaders sensed and reached out to the masses". See his *India Today*, Bombay, Peoples Publishing House, 1949, pp. 285-86.

²⁹Raj Krishna, "The Next Phase in Rural Development", Voluntary Action, Vol. XX, No. 7, July, 1978, pp. 32-37. More recently, the Asoka Mehta Committee on Panchayati Raj suggested an important role for voluntary agencies in rural development, The Indian Express, Sept. 3, 1978. These suggestions aim at promoting pluralism in organisational models for rural development. The expectation is that such a pluralistic approach would enhance the opportunities for experimentation on schemes to strengthen local initiative.

as well as the political structures. By strengthening extra-political and extrabureaucratic institutions, we will be enhancing the effectiveness and functional autonomy of local bodies such as the panchayats.³⁰

Relating our preference for according a greater role to voluntary organisations to our earlier discussion of the *Vedchhi* movement, one might argue that there is no guarantee that these agencies will not become—if they already are not—appendages to the governmental monolith, depending for their sustenance on political or bureaucratic tutelege.³¹ Safeguards, including statutory ones, about the sources and methods of representation, channels of funding and accountability, have to be worked out carefully to protect their autonomy.³² Even then, seepage from the political process is unavoidable. The introduction of self-regulatory mechanisms by the voluntary agencies themselves may provide further safeguards to their autonomy. For instance, a few voluntary groups have attempted to regulate themselves by denying membership on their trusts/boards to office-bearers of political parties.³³

There has been considerable discussion in recent years about the need for reorienting our economic strategies around 'intermediate technology'. Although the genesis of the discussion relates to the ecology movement in the west, the proposal itself amounts to a return to the Gandhian notion of decentralisation since the idea of intermediate technology is central to it. Gandhi's insistence on a decentralised economy, based on a technology that does not damage the productive potential or dignity of human labour,

³¹A recent study of voluntary agencies by the PEO of the Planning Commission points to the widespread preference of voluntary bodies to include on their management committees persons holding high offices. See *IIPA News*, New Delhi, August, 1978, p. 4.

³²Peoples' Action for Development Agency (PADY) provides the example of a mature approach in devising suitable procedures for allocating funds to voluntary agencies. PADY deals with the funds, meant for voluntary work, transferred from foreign Governments to the Government of India. Even here, insistence on scrutiny by the concerned State Government seems to be a major irritant to many voluntary agencies.

³³The constitution of the All-India Coordination Committee of Consumer Organisations offers an interesting example of this category. By extending such a prohibition to participants in electoral contests we might increase the range of autonomy of the voluntary bodies. Despite such prohibitions, voluntary bodies might develop factionalism inside and tie-ups with prominent politicians and civil servants outside. Given the dominant orientations of the elites within the polity, it would be a naivete to assume that voluntary agencies can be insulated from such influences. It must, however, be admitted that most voluntary agencies offer representation to them to gain access and secure recognition for their work.

³⁰The argument appears to be somewhat far fetched. But a sifting of historical evidence on the evolution of local government institutions would suggest a close association between the decline of Panchayats as autonomous bodies on the one hand and the development of bureaucratic institutions and formal law on the other. See M. Shiviah, K.V. Narayana Rao, L.S.N. Murthy and G. Mallikarjuniah, *Panchayati Raj: An Analytical Study*, Hyderabad, National Institute of Community Development, 1976, pp. 26-27.

is sometimes mistaken as his antagonism towards machine technology. Although Gandhi is against the dehumanising consequence of modern technology, he is not blindly or summarily opposed to modern machine or technology. Endorsing Sethi's view, Jayaprakash Narayan argues:

"A full spectrum of technologies would be consistent with the Gandhian scheme, if these technologies satisfied some of the basic objectives of the Gandhian polity and economy, such as full-employment, non-alienation, non-exploitation, ecological balance, rural-urban equality, etc." 34

While appreciating the need for a modern sector, Schumacher and other advocates of the Gandhian approach, reiterate the importance of developing suitable technologies, which are labour-intensive.³⁵ In evaluating the suitability of a technology, the criteria to be applied are: (1) whether it can be sustained by the already existing educational level of fairly large groups of people; (2) whether it can promote self-reliance; and (3) whether it can utilise the local resources including labour. The deliberate fashioning of intermediate technology on the basis of the aforesaid postulates would provide access to a wider segment of the population than it has been hitherto possible. The dominant emphasis of this approach is to increase the technological competence and problem solving capabilities of the participants.³⁶

At an operational level, the strategy of intermediate technology involves the development of industries based on rural resources such as crops, animals, forests, agro-wastes, animal wastes, etc. One can visualise the development of a series of industries around a single crop like cotton or turmeric. This strategy does not exclude the use of sophisticated technology such as satellite television for educational purposes. Nor does it rule out the possibility of centralised management and decentralised production wherever it is advantageous.

Education is another area of significance in which intervention is possible on Gandhian lines. Gandhian view of decentralisation is based on value integration. It places a premium on the individual's subjective acceptance of a set of values to guide his behaviour. Internalisation of these values is expected to enhance the self-regulating capacity of individuals, organisations and communities. As against this, the direction of change, through

³⁴J.D. Sethi, op. cit., p. x.

³⁵See D.R. Gadgil, "Technologies Appropriate for the Total Development Plan", in Appropriate Technologies for Indian Industry, Hyderabad, SIET Institute, 1964; E.F. Schumacher, Small is Beautiful: A Study of Economics as if People Mattered, New Delhi, Radha Krishna, 1978, Part II, chapter 5 and Part III; Vepa, op. cit., chapters 3, 9 & 12 and Sethi, op. cit.

³⁶For an interesting discussion on this issue see "Progress of Science and Technology in India—what is the way ahead?", Outlook, *The Hindu*, August 30, 1978.

education, in the last three decades, is rather unsatisfactory. Besides producing a large number of 'unemployables' the multitude of our colleges and universities are mainly responsible for orienting the youth to a 'life-style' that is primarily urban in character with a significant preference for white-collar jobs. The direction of change is anything but Gandhian. It is often suggested that the rural youth come to the towns and cities because the rural economy is not geared up to absorb them. But the converse is highly probable. The educational system in India is not geared to meet the needs of rural economy which is the major and primary sector.

Education with its urban bias, instead of integrating the rural youth into the rural milieu, seems to be alienating them from rural life. This is reflected even among those with secondary school level education who are often inclined to believe that they are not meant to stay in the villages or undertake manual labour of any sort. According to Myrdal, much of the resistance to efforts to give schooling at all levels a technical and practical orientation, stems from parents who want "to save their sons from the indignities of manual work."37 The urban pull coupled with the growing pressure for whitecollar jobs has indeed interfered with the developmental process. Sizing up the problem from an economist's perspective, Myrdal warned a decade ago about our lopsided approach to education. He observes that even if improved knowledge is a necessary condition for production, it does not yield output, except in conjunction with other factors such as machine technology, organisation and programmes. Education, removed from this context, may tend to be a negative factor.38 He asserts that "the wrong kind of education, or the right kind without the required complementary actions. can check or reverse the process of development,"39

Making a similar diagnosis, successive education commissions have suggested a radical reorientation in the philosophy, content and goals of education. However, subsequent debates about operationalising such recommendations tended to focus attention on the form rather than the goals and content of the programmes, let alone attempting fundamental departures. Current emphasis on non-formal and continuing education seems to remedy the situation to some extent. It captures the essence of Gandhian ideas in trying to spread functional literacy and a set of values that emphasise the rural ethos and the exercise of voluntary discipline. These programmes, if implemented properly, have the potential for promoting a 'do-it yourself'

³⁹Ibid., p. 1960.

³⁷Gunnar K. Myrdal, Asian Drama: An Inquiry into the Poverty of Nations, Vol. II, London, Pelican, 1968, p. 1127.

³⁸Gunnar K. Myrdal, op. cit., Vol. III, Appendix 3, p. 1958. Migration data also supports this view. Many educated are in the out-migration streams.

culture and generating participation among large sections of rura [popula-

ADAPTING GANDHI

In a society characterised by authoritarian mores in basic spheres power is relished to the utmost and consequently is an inherent tendency towards centralisation. Statutory schemes of decentralisation attempted during the last two decades have suffered due to the quest for power as against a sharing tendency as well as the absence of complementary actions in political and economic spheres. In the present context, the relevance of Gandhian ideas on decentralisation would depend, not upon an imitation of what he said and did or upon a sentimental advocacy of his views. Rather than debating the virtues of a Gandhian revival per se, which at this point is highly problematical, we should concentrate upon reinterpreting and adapting Gandhi in a few core areas. Following such a perspective, we have suggested intervention and policy shifts in three related areas: voluntary organisations, intermediate technology and education. Complementary actions in these areas may provide the base for a new set of values in tune with the Gandhian idea of decentralisation,

VALUE OF DEMOCRACY

There is no human institution but has its dangers. The greater the institution the greater the chances of abuse. Democracy is a great institution and, therefore, it is liable to be greatly abused. The remedy, therefore, is not avoidance of democracy but reduction of possibility of abuse to a minimum.

-Манатма Gandhi, Young India, 1931

⁴⁰We realise that these programmes are at variance with the Gandhian view of craft-centered, basic education. See S.N. Ganguly, *Tradition, Modernity and Development*, Delhi, Macmillan, 1977, ch. 7.

Whither Decentralisation?

Krishna Haldipur

धारणाद्धर्ममित्याहुः धर्मो धारयति प्रजाः। यद्धारणसंयुक्तं स धर्मे इति निश्चयः*॥

Mahabharata, Karna Parva, Chap. 49, Sloka 50

EVEN after thirty years of independence, the appalling problems of poverty, illiteracy and unemployment both in the rural and urban areas of our country have been causing much concern both in government and outside. The administrators, academicians and social scientists have been stunned by the aggravation of these problems in spite of a certain measure of economic development, and are studying the inequitable social distribution of the fruits of this economic development. Many have been the plans formulated, remedies suggested and measures adopted to overcome the evil which is vitiating the quality of our life. The immensity of the problem and the staggering extent of support required for this nationwide task have created a situation which appears desperate and beyond repair. Yet the plight of the people can no longer be overlooked and a sustained effort has to be made to improve the deteriorating conditions.

One of the attempts at galvanising the human potential has been that of democratic decentralisation. It is the outcome of the realisation that most of the programmes for the development of the rural community can show better results if people's institutions like the panchayats are fully involved in the planning and implementation of the development programmes. According to the Balwantray Mehta Committee, popular participation and grassroot democracy lay in 'devolution' of power to a body (three tier structure) which when created will have the entire charge of all development work including guidance, supervision and planning and, where necessary, of providing extra finance. The experience of developing countries shows that when local institutions are effectively organised on democratic lines and are vested

^{*}Dharma protects and preserves the people. So it is the conclusion (of the knowledgeable) that what maintains is dharma.

with substantial power of action based on their felt and real needs, they are capable of unleashing strong resources of initiative and enthusiasm, thereby making the task of development easier. Though it is over a decade and a half now since democratic decentralisation or what is known as panchayati raj came into being, it has not yet been able to deliver the goods. In fact, the scheme seems to have misfired in more ways than one.

THE YAWNING CREDIBILITY GAP

One of the criticisms against panchayati raj is that it has given a free hand to vested interests who have taken charge of these institutions. The structure of panchayati raj had been ostensibly designed for community involvement in the process of development thereby ensuring the promotion of welfare of the socially and economically depressed rural masses. But, in practice, it has provided protection to vested interests, thereby accentuating the socio-economic disparities in the rural areas. The credibility gap between the planner and the implementor, the visionary and the doer, the administrator and the community at large has vitiated this system which was designed to ensure grassroot democracy. In reality what has been achieved is only a marginal involvement of people for the sake of appearances. The result is simmering discontent and disgruntlement. People react strongly which results in confrontation and strife; sometimes in the gram panchayats or in the various cooperative and other institutions.

In the past, the population was limited and the land-man ratio was in favour of man. It was possible to share the surpluses generated by the productive activity. Within the village community there was a system of interdependence of the groups which made it possible for all the needs of the village to be met internally—their aspirations not being high. The society was localised and had to depend on local resources. Over the years the village people lost this character of cohesiveness and self-sufficiency. This may be due to improvement in communication and transport facilities to help commodity flows from the rural area to the urban and, with industrialisation in the latter, despatch of mass-produced consumer goods to the villages, affecting the local artisans. This has brought in its wake, what the sociologists call, a 'horizontal stretch'—the caste and kinship groups from one village looking beyond its frontiers to the surrounding areas and other villages, thereby creating a network of alliances of vested interests. These are getting more and more strengthened and this has sounded the death-knell of the system of inter-dependence within the village. Exploitation has become the order of the day and feelings of consternation and resentment are engulfing a bigger and bigger number every day.

Since independence, there have been five five-year plans apart from

three annual plans. A large number of schemes have been formulated for the amelioration of the lot of the rural poor. Both in the planning of these and in the attempts at implementation, large amounts of money have been spent. But how much has the common man benefited? There are six major ingredients which, if they are taken together, bring about a change in the rural scene. They are: (i) resources like land, water and infrastructure, (ii) investment, (iii) technology, (iv) an integrated delivery system, (v) administration and extension, and last but not the least (vi) an integrated polity, where the warp and woof of the social fabric are mutually supportive and not strewn with structural contradictions.

Resources

Take, for instance, the availability of resources; the chief among them are land, water and infrastructure in the form of schools, hospitals, welfare agencies and roads provided by government. In spite of all the best intentions, land reforms have not been fully implemented, the land records themselves are not uptodate. The availability and distribution of water is strewn with many problems. In spite of all that was planned, forty per cent of India's population still lives below the poverty line, i.e., on less than Rs. 500 a year. A third of the total of 575,000 villages has no adequate water supply. More than half the rural households lives in temporary houses made of grass and mud. At least one out of every four persons is sick and suffering for want of medical care. There are some 161 million illiterates in the country. The process of fragmentation of land continues. There is a steady decline of the small farmer who is inclined to sell his land to the better off farmer for want of resources. Owing to circumstances beyond his control, the small farmer is slowly becoming a subsistence farmer and then a landless labourer. Even then, it is difficult for him to survive unless he is paid certain minimum wages which can enable him to meet his basic needs. The government has invested vast sums of money in the infrastructure like schools, hospitals and water supply schemes, but even here the beneficiary has not been the poor villager. Many of the children of the school-going age have either to help in the task of breadwinning or have to take care of their younger brothers and sisters so that the parents are left free to eke out a livelihood. Neither the form nor the content of the educational system, which follows a set pattern, has been modified to suit the needs of the rural poor. The same happens in the case of primary health centres or fair price shops. Water supply schemes benefit a small percentage of the village population and there are instances where a certain class of people are not allowed even to draw water from community wells.

Investment

When it comes to the financial institutions set up with the aim of helping the rural poor, the picture is equally dismal. Even after thirty years of independence, the local moneylender continues to hold his own. Neither the banks

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nor the cooperative credit institutions have been able to reach the rural poor whose requirement of consumption or production credit is not very high. These financial institutions either look for prestigeous projects of larger investments or naturally seek to help those who come with 'secure' or 'bankable projects'. The rural poor do not fall in these categories unless they get out of the poverty trap. Their only creditworthiness is their honesty which has landed many as bonded labour. This is a vicious circle. For economic development, credit from institutional sources should be readily available to those who have neither the resources nor the inputs to improve their piece of land. But if one observes the norms of these credit agencies and commercial banks, the small or marginal farmers, agricultural labourers, rural artisans, and other weaker sections are not classified as 'creditworthy', 'bankable' or 'viable'. Even with adequate government guarantee, these cannot get the required loan in time without resorting to irregular transactions.

Technology

The same applies to technology. There is a lot of talk of appropriate technology but unless it is accessible to the rural poor, it has no power to transform them. Innovations like the gobar gas plant or a modern bullock-cart with pneumatic tyres certainly deserve our notice but of what value are they, if they are not within the reach of a large section of the population? This does not mean that we should not introduce new and appropriate technology. But the fact of life is that with such innovations, value is added to things which otherwise are available to the poor. The cowdung strewn on village paths was easily accessible to the needy in the rural areas but with the introduction of gobar gas plant it has become a 'resource'. Unless, therefore, technology is of such order and nature that it reaches the poor and that the people have the power to acquire it, it will not improve their quality of life.

Delivery System

The same sad tale is repeated when it comes to the delivery system. The subsistence farmer remains miles away from modern methods of cultivation and the use of improved inputs. He can never dream of a transition to commercial agriculture unless the delivery system is assured and the inputs are within his reach. The mere setting up of newer and newer organisations or corporations cannot solve the basic problem. We have been quoting the example of the small farmer of Japan saying that small farms could be viable and with intensification of agricultural operations, they could be very productive. The theory of economy of scales does not apply if efforts are made to have real 'land stretching' by use of a package of inputs. But have we instituted a system where an assured supply of such inputs is guaranteed to the small and marginal farmer and where he can get it without running from pillar to post? Our structure is such that all the cream is siphoned off by the richer and the more articulate groups in the society.

granted and it is essential that people themselves are enabled to give expression to their requirements. Decentralisation is a faith: its core-concept should be power sharing and not power consuming. Power has two faces. One implies that the government is just and firm, and the people have the responsibility of enabling the government to govern by being amenable to its discipline. The other face is the creation of a countervailing force in the form of people's institutions and organisations which can keep the government in check and provide the necessary feedback for imaginative and sympathetic governance. This is especially true in developing countries which were for a long time under the colonial rule. The rulers here today have developed a sense of deprivation of power which, therefore, assumes some amount of primacy. There is a general tendency for such changing societies, which develop an internal momentum and dynamism, to have strong currents tending towards centralisation of authority. Hence there is need to have a built-in system where the eddies become only ripples and provide not only stimuli to other centres for growth but provide a counterblast against too much concentration of power. The fundamental assumption underlying in this is that governance is an article of faith where people have respect for institutions and credibility in the government, and those who govern are inspired by norms and values which sustain the democratic spirit, have faith in the people and a respect for the dignity of man.

Decentralisation, whatever form it takes, is inevitable and necessary to ensure that planning is done at the grassroot level and that justice is meted out promptly and immediately and that fruits of development reach all, particularly the deprived sections of the population. It should be based on a conviction that every citizen in the country has a rightful place, a right to work and to get adequate recompense, so that he is a part of the productive process and has sufficient purchasing power to keep himself above the line of poverty. Thus a national income wages and price policy is inescapable especially in view of the utter helplessness of the unorganised rural poor. It would also imply transfer of sufficient resources to the rural areas from where there is a one sided flow of commodities and services. It is essential for the enlightened political leaders, social workers and the clite of society in every field and the bureaucrats to help in the creation of sufficient awareness of responsibility and responsiveness to citizens' needs. Today, our privileged classes are against waking up this 'sleeping giant'. They are afraid that this is bound to create confrontation with themselves, the privileged ones, who are the beneficiaries of cheap labour either by the bonded or by the landless. Their idea of service to the less fortunate ones had so far implied perhaps doling out charity to 'the dumb, down-trodden millions'. Marginal involvement of people for the sake of appearances could be allowed, but total community involvement has implications which neither the more fortunate ones nor the administration is prepared to face as yet. The village functionaries are acutely conscious of the

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difference between development and political work at the village level. The organisation of the rural poor to form their own institutions or cooperatives, has political overtones which both the government functionaries and the vested interests fight shy of.

RATIONALISATION OF FAILURE?

Today we come across philanthropists, social workers and industrialists taking a lot of interest in rural development and launching various schemes. Some of them have sincere motives, others have taken it up because of their enlightenment and sense of duty; many others have gone in because of fiscal benefits indirectly accruing to their organisation. Many of us from the urban areas, who seek to spread enlightenment among rural masses, are very well aware that this will not affect our interests in our own organisations, but we hesitate to extend similar attention to the workers in our own set-up. Perhaps this kind of overstretching by the elite may itself lead to a situation where peasant organisations and other interest groups of the poor would come up and be able to articulate their felt needs.

Decentralisation is a value and should not be allowed to be eroded, as happens in the case of other values in our democratic system. Today, for many, politics has become an opportunity and a mechanism for manipulation of votes and self-preservation is very often the goal of political activity. This has led to a politics of consensus and not of ideology. As the historian James MacGregor Burns has said, "The 'corruption of consensus' may ultimately cause the government to become flabby and complacent and lose the cutting edge of energy, initiative and innovation. The passion will have disappeared and increasingly the compulsion of purpose will be dissipated." In the social structure and political processes of the country, it is good to have forces which will keep the government on the leash. While this is so, the situation should not strangulate the government, thus leading to its inaction. Very often the extraneous issues which do not lend substance to the body politic keep governments busy seeking survival and leaving them no time for achieving the fundamental objectives. There is a general temptation and tendency in our society to raise ideological issues when the murky politics of men and matters, their aspirations and predilections, do not find fulfilment. Pure institutional reforms or mere ideological stance will not bring about social transformation unless the organisation and the goals which they profess are such that the form and the substance converge. In societies where pragmatism and empiricism have made a dent in the thought processes of the people, the set goals which are achievable and measurable make it possible for people to have a drive to attain these. But where every issue is looked at in a holistic way

¹Burns, James MacGregor, *Presidential Government: The Crucible of Leadership*, New York, N.Y., Houghton Mifflin, 1966.

and goals kept beyond the reach, the motivation to attain them is weak and willingness to act is feeble. There is no desire to admit this but on the contrary the lapses are sought to be covered up by rationalisation of why a goal could not be achieved, coupled with politics of manipulation. This leads to making individuals victims or scapegoats for the inability to operationalise the goals within the ambit of 'the possible'. Operationalisation does imply self-discipline—an article of faith and a commitment—and when these are lacking, democratic institutions tend to become just empty shells.

WEARINESS OF THE GOOD

In the history of civilisation, the fundamental question has always been how to achieve social justice without doing violence to freedom. Pages of history are strewn with profiles of those with courage who in their own quiet way try to stand by some basic principles in life even if that meant some amount of mental agony and opposition and sacrifice in extreme cases. The movements of renaissance and revolution have taken place when people in large numbers have joined together to bring about social transformation and they have shunned a purely acquisitive society where the summum bonum of life is to acquire more and more possessions. Virtues cannot be legislated for nor can values be inducted by mere professions. But a state which is wedded to democracy and has faith in building up its citizenry will have to set limits to acquisitiveness if yawning disparities have to be called a halt to. It is imperative that the fortunate elite whether they be politicians, administrators, academicians or businessmen recognise that the substantive issues facing the society can be resolved by lending an ideological content to their own lives—cleaning up the public life of all the aberrations which have got into it and providing a durable value system, which alone can lend credibility. However, as Pope John XII said, "The tragedy of the world is the weariness that afflicts the good."

It is the responsibility of the elite—the fortunate ones in society—who will have to spearhead a movement to organise and 'conscientise' the people. The people should be disciplined to support the government in its right action and criticise fearlessly but constructively the wrong doers. Such movements, however, if they attract sheer careerists who aim at self-aggrandisement, courtiers who play the role not because of their intrinsic faith but for personal advancement, tend to become an 'enterprise' rather than a force to bring about social transformation. Here there is no room for politics of manipulation where values and ideologies, though professed from public platforms or in private parleys, do not seem to count in practice. Decentralisation merely as a legislative act and in letter cannot substantially bring about the spirit behind it which envisages the energisation of the human potential in the country. Every society has within it its basic urges and these can act as

stimuli and form the centre around which everything can be integrated with the urges forming the spring board of action. There are certain strengths in our own tradition which are tending to get lost sight of because of the emphasis on the so-called modern values. The social festivities, the religious melas, fairs and urs draw together people of different castes, creeds and backgrounds and on these occasions they can organise themselves par excellence without any external props. Such indigenous sources of human energy and potential for organisation could be tapped to lead a movement for social and economic transformation. It would not be an exaggeration to say that the next decade is going to be politically intense. If discipline and freedom have to find a place in the scheme of things grassroot dynamics in an orderly fashion will have to reach the hearths and homes of our villages. These urges will have to be given a socio-economic content and obscurantism will have to be guarded against.

"A great society", to quote James MacGregor Burns again, "needs not consensus but creative leadership and creative opposition. It needs the sting of challenge in a society rich in diversity and in a politics rich in dissent." One cannot but agree with Shri Jagjivan Ram who recently said in the Zakir Hussain Memorial Lecture of 1978, "Never before in history has our country had the kind of opportunity it has today, for carrying forward the democratic revolution to the economic and social fields. Never before in the history have the unprivileged, who constitute the majority of our society, had the opportunity, which they have today, to assert themselves to create a just society. Never before has the intelligentsia of this country had the kind of opportunity it has today, to lead such a movement for total social and economic transformation through a democratic process. Let not future historians say that this intelligentsia failed the country at the most crucial time in its history."

MAN THE SENSITIVE

Man is the only animal that laughs and weeps; for he is the only animal that is struck by the difference between what things are and what they ought to be.

-WILLIAM HAZLITT

²James MacGregor Burns, op. cit.

Centralisation and Accountability

C.P. Bhambhri

MODERN states have established a complex web of institutions for governance—the manifest and latent normative premises underlving governmental classes in all class-divided societies. The social praxis has taught the dominant classes that extraction of surplus value and exploitation of the real producers is not possible without the help and protection of the 'coercive instruments' of the state. The history of human societies clearly shows that the producers of social wealth, i.e., the masses, have always resisted and struggled against exploitation; and the exploiting classes have found that the coercive apparatus of the state is not always adequate to confront the anger of the deprived and oppressed sections of society. The ruling classes in the advanced capitalist countries of the world followed many strategies to overcome the internal resistance of the working classes. Two such strategies have great relevance to our effort to understand the dynamics of capitalist development in the west. First, large-scale plunder of the colonies provided enough wealth to the metropolitan countries to meet the challenge of their domestic working class. The working class of the metropolitan countries did receive a share in the prosperity brought by the riches plundered from the colonies. Secondly, the capitalist class in the affluent countries of the west followed a conscious policy of 'welfarism' to coopt the working class in the system.

Besides the above mentioned economic strategies, the dominant classes have invented very powerful and effective institutions for 'legitimation' of their power. The most important means of legitimation in the advanced capitalist countries are adult franchise and people's participation in elections which are held at regular intervals. Legitimation through elections creates the myth that the state apparatus has a representative character and it also fosters a feeling of belonging in the citizen who tends to identify himself with the governance of the country. Legitimation of class rule is further mystified by certain ideological wings of the bourgeois society like the universities, the church, the family and the mass media.

LEGITIMATION OF STATE POWER

The capitalist class in India is trying to create the same mystique about

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the Indian state as its counterparts have done in the advanced capitalist countries. Unfortunately for it, it has set out to build capitalism in India at a wrong time in history. To build capitalism in a 'peripheral' of erstwhile colony in a period of crisis for capitalism in the world at large, the ruling class has to resort to coercion and oppression of the working class with the help of coercive instruments of the state. The methods of legitimation of state power used by the Indian capitalist class have generated great consciousness among the workers and peasants of India; and to meet their demands, the state is compelled to use ruthless coercion.

The real role of the state in India can be de-mystified by finding out the character of the primary contradictions in society, the relations between the classes, the balance of social forces, and the nature of the crises in the path of development taken by the ruling classes. The significance of the coercive instruments of the state, including the role of para-military organisations in the Indian society, can be understood by relating them to the total processes of social and political development in the country and to the nature of social contradictions and antagonisms. During the last thirty years, public investment in the army and the police has increased because the ruling classes feel threatened from the emerging social forces which are struggling against the exploitation. As the crisis of capitalist development deepens in India, the coercive role of the state assumes greater importance than the 'legitimation' provided by the democratic instruments of sections and citizens' participation. In this perspective, a few issues related to the nature of the Indian state and its highly centralised character may be examined. A few relevant questions are:

- (a) What was the contribution of British imperialism in the making of the modern state in India? Why was a highly centralised state created by the British in India?
- (b) What was the linkage between Indian nationalism and the emerging socio-economic formations during the colonial period? What were the objectives of the Indian capitalist class in joining the bandwagon of the national liberation movement? What was the relationship between the anti-imperialist struggle of the Indian masses and the leading classes?
- (c) What was the nature of the politico-administrative legacies of the colonial period? How were they adapted to the requirements of the post-independence period?
- (d) What is the relationship between the instruments of 'legitimation' and state coercion in India? What was the social need of strengthening the coercive apparatus of the state during the last thirty years of Congress rule? How far did the weakening of the legitimation process and the emergence of authoritarian rule of Mrs. Indira Gandhi fulfil the objective needs of the capitalist class 'in crisis'?

(e) What was the social need for a highly centralised state in India? What are the objective factors which have helped the growth of centralised administration?

The British laid the foundations of the modern state in India to achieve some of their social goals. They set up the colonial state apparatus, with well-developed instruments of oppression, to plunder the country and transfer the social surplus from India to England. They achieved this naked exploitation of India by identifying the classes that would collaborate with them and by establishing a highly centralised colonial bureaucracy for the governance and exploitation of the country.

The British established a system of bureaucracy of their own devise. The outstanding features of this system were 'elitism' and 'loyalty' to the masters. A majority of the members of the Indian Civil Service (ICS) were British; and such Indians as were allowed to enter the ICS were thoroughly screened about their antecedents before they were accepted. After recruitment, both the British and Indian recruits to the ICS were placed under the charge of district collectors. These collectors socialised or brainwashed the new recruits and inculcated in them loyalty to the British empire and to the traditions of the ICS. The revolt of 1857 gave a great jolt to British rule in India. After recovering from this blow, the British further strengthened and streamlined the administrative apparatus, so that 'such a revolt might never be repeated'. The ghost of 1857 always haunted the British in India. Bureaucratic rule in India was based on fear. Mass obedience was extracted by repression and suppression of popular demands. Further, the colonial bureaucracy operated in India without any popular control or accountability. Thus a hierarchical and highly centralised bureaucracy was our inheritance. As R. Palme Dutt states:

The entire administrative machinery of imperialism was taken over and carried forward: the same bureaucracy, judiciary and police of the old imperialist agents and servitors; the same methods of repression, police firing on unarmed crowds, lathi charges, prohibition of meetings, suppression of newspapers or detentions without charges or trial. The vast assets, investment holdings and financial interests of imperialism in India were zealously protected, and the even flow of imperialist exploitation continued.¹

We inherited the codes, manuals, and procedures of work followed by the regulatory bureaucracy during the colonial period. When the British transferred power to the Indians on 15 August 1947, they granted not only

¹R. Palme Dutt, India Today, Calcutta, Manisha, 1970, edn. 2, p. x.

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freedom but also the well-preserved and highly developed oppressive and regulatory machinery of the colonial state. This proved a great asset to the successors.

THE NATIONAL MOVEMENT

In the course of exploiting the country with the help of the colonial bureaucracy, British imperialism created a negation of itself in the form of the Indian national movement. This movement started with the Englisheducated Indians of the middle class who 'appealed and prayed' to the British from time to time for reforms and concessions. In the wake of the changes in the world scene, especially the crisis that overtook the capitalist world, including Britain, in the inter-war period, the Indian political scene also changed. In this period the mass base of the national movement too broadened. This led to politicisation of those strata of society which were apolitical and apathetic. As the masses were increasingly mobilised for the struggle against imperialism, their economic and social demands also assumed great relevance. The new situation, which was the product of mass mobilisation against imperialism, created controversies and debates in the Indian National Congress, which was foremost among the organisations engaged in the struggle against imperialism. Issues like agrarian reform and abolition of zamindari which were debated frightened the conservative elements within the Congress. These elements argued that if 'class' issues were raised during the period of struggle for freedom, the nation would be divided and weakened in its resolve to fight imperialism. An attempt was made to separate basic 'social questions' from the national question of freedom. Some landlords of Uttar Pradesh met Gandhi at Kanpur in 1934 and expressed to him their anxiety over the menace of socialism in the Congress. Gandhi assured them that "better relations between landlords and tenants could be brought about by a change of heart on both sides." He said he was never "in favour of abolition of taluqdari or zamindari." And then he went on to say:

I shall be no party to dispossessing the propertied classes of their private property without just cause.... The Ramarajya of my dream ensures the rights alike of prince and pauper.... I shall throw the whole weight of my influence in preventing a class war....²

The Indian National Congress represented 'dual tendencies' in its struggle against imperialism. It wanted to wage an 'all-class' struggle against imperialism by relegating socio-economic issues facing the downtrodden to the background. Such, however, were the compulsions of mass mobilisation that socio-economic issues could not be ignored, and many battles were won

²R. Palme Dutt, op. cit., p. 629.

by the left-oriented nationalists in the Congress. The Congress accepted a very important social and economic programme when it passed a 'fundamental rights' resolution. The programme included nationalisation of all key industries and transport, labour rights, and agrarian reform. Further, the Congress accepted a very progressive idea when it supported a proposal for a reorganisation of the Indian States on a linguistic basis and the dismantling of the arbitrarily structured provinces of British India. Thus the negative and positive aspects of Indian nationalism provide a significant framework for studying the meaning of transfer of power by the British to Indian hands. An important section of the Indian National Congress wanted to conduct negotiations with the British for the transfer of power to decelerate the process of social discontent emerging in a vocal manner in the 1940s. To others, transfer of power meant an opportunity to enjoy the fruits of power. Yet another important section of the national leadership wanted to use state power after freedom for ameliorating the living conditions of the masses. To sum up, there were many contradictory trends in the Indian national movement, as discussed above, and these trends emerge clear to our eye when we examine the possible objectives of the Indian capitalist class in joining the national movement.

DISTORTED INDUSTRIALISATION

India's industrialisation during the British raj was of a very 'distorted' character. The reasons are obvious. The basic goal of British imperialism was structurally so to integrate India as to make it yield the maximum economic benefit to the metropolis. While the basic economic activity of India was to supply raw material to British factories and provide market for goods made in British factories, the availability of cheap labour in India prompted the British, especially at the beginning of the twentieth century, to experiment with the industrialisation of India. The process of industrialisation during the British period occurred in a very halting and hotch-potch manner.

An important prerequisite of industrial progress is that there should be sufficient capital accumulation for industrial investment. Capital accumulation depends on the rate of savings in the country and mobilisation of the available resources by the government and a well-developed institutional structure of banking for providing credit and investment facilities. The Imperial Bank of India was created in 1920, and a true central bank called the Reserve Bank of India was established in 1934 to manage both currency and credit in the country. Did the British really expect to industrialise India with the help of small presidency banks? Further, the Indian capitalist was handicapped in relation to the British capitalist, who had all the advantages of state protection and patronage. The Indian capitalist invested in the traditional industries like tea, tobacco, textile, jute, and sugar. Even in some

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of these industries British capital was involved. The point is that the above industries cannot constitute the foundations of an industrial society. They cannot usher in an industrial revolution. Also, not only did British imperialism keep India underdeveloped but it fostered serious regional imbalances. The three presidency towns of Calcutta, Bombay, and Madras became the centres of development; other areas in the country depended upon them for their economic activities. Thus regional imbalances, distorted urbanisation, primitive agriculture, and weak institutional support 'arrested' the growth of industrialisation in India. The Indian capitalist class realised that their development was obstructed by the presence of British rule in India. As D.R. Gadgil says: "Thus though the inter-war period gave many indications of the direction of future change, India continued during it to be essentially an economy governed by and subordinated to British interests."

The Indian capitalist class and the Indian National Congress thus had a common goal, viz., to drive the British out of India. Indian capitalism could not have developed if British rule had continued; and this led the Indian capitalist class to jump on to the bandwagon of the Indian National Congress. Moreover, the Indian capitalist class did not experience any difficulty in dealing with the Congress leadership. As R.P. Dutt writes: "The industrial bourgeoisie, however, while freely using Gandhism for its figurehead and leadership of the masses, has never permitted it to stand in the way of its requirements and aims of progressive industrial development as the necessary programme of the national movement."

ARRESTED SOCIAL GROWTH

This discussion on the role of British imperialism in India, the establishment of the colonial bureaucracy, the emergence of the Indian national movement, and the role of the Indian capitalist class leads to the following formulations:

(1) India inherited the steel framework of the colonial state. The 'leading classes' sought to control the state apparatus to advance their own representative socio-economic interests. Since independence, they have successfully used the state apparatus to advance their social power. It was impossible to attempt the 'unfinished' tasks of the Indian revolution—viz., the delinking of India from its structural integration with world imperialism, industrialisation of the country, amelioration of the living conditions of the masses, etc.—without capturing state power; and the British bequeathed to

³D.R. Gadgil, *The Industrial Evolution of India in Recent Times*, 1860-1939, Bombay, Oxford University Press, 1971, edn. 5, 355.

⁴Dutt, n. 1, p. 629.

us a very strong and centralised colonial state apparatus, one that could be used for positive as well as negative purposes. India would not have stood against the onslaughts of world imperialism in the absence of this strong state apparatus. The leading classes used this powerful state apparatus against the masses and to extract surplus value for themselves.

- (2) During British rule the growth of the Indian society was arrested. Many archaic social structures were left undisturbed to co-exist with new social formations. The Indian society today has a 'multi-structural' character. We find in it pre-capitalist social formations co-existing with advanced capitalist strata of society. This makes the Indian social situation complex and non-polarised. Because of the co-existence of different modes of production, class cleavages are not neat or straight. The Indian society does not have a situation of confrontation of classes. Many primordial loyalties like religion and caste mediate very effectively in social relationships in India. No doubt, class consciousness as a result of class struggle is emerging, but this reality should be squared with the other reality, viz., the existence of many precapitalist social structures and loyalties. Heterogeneity and complexity of the 'multi-structural' society is a product of the special historical setting in which modern India was placed by the colonial rulers.
- (3) Another important feature of our inheritance is the existence of regional imbalances in the country. The policy of economic development pursued by the colonialists created serious regional imbalances which have generated political tensions of various kinds. British India (provinces) and the princely states constituted two separate categories administratively. There was no serious political and administrative effort either by the British or by the Indian National Congress to integrate them with one another. But this was not the only dichotomy in Indian political and administrative life. Within British India, the three presidencies were industrially more advanced than the other British provinces. These peculiarities of India were reflected not only in the religious imbalances but in the economic sphere also. Mobilisation and politicisation of the various strata of society during the national movement were confined to the British provinces. As for the people of the princely states, they organised their struggles through praja mandals or the States People's Conference. The Indian National Congress made no serious attempt to strike root in the princely states and integrate the struggle of the people of those states into the national movement. It did not involve itself in the struggle against imperialism and its local allies, viz., the feudal elements in the form of the ruling princes. It visualised the phenomenon of imperialism in India as a system of exploitation by external social forces; and it left alone the local exploiting classes, which collaborated with the British. On the eve of independence, we inherited regions and states with unequal political consciousness, participation and political organisation. We inherited regions where

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feudalism still reigned supreme and where the anti-imperialist struggle had never taken place. To sum up, India inherited a well-developed state apparatus of coercion. Those who gained possession of this state apparatus were not interested in completing the 'unfinished' tasks of the Indian revolution. The masses struggled for freedom, but the leading classes ignored the masses. They used the state power to promote their own respective interests.

OVERWHELMING CENTRAL POWER

The Indian national leadership which had struggled for freedom with the active participation of the masses drafted a constitution for establishing a democratic system of governance. Some of the positive features of this constitution are the principle of universal and adult franchise, guaranteed civil liberties, accountability of the executive to the elected legislature, division of powers between the Centre and the States, and clear demarcation of the roles and responsibilities of the Central and State Governments in various matters.

Many critiques of the Indian constitution have appeared from the viewpoint of liberal democracy (which it proclaims to establish). Some of these critiques have even cast doubt on the federal character of the Indian constitution. Not only does the Central Government enjoy overriding powers over the State Governments but the very existence of the States and the alignment of their boundaries depends on the sanction of the Central Government. Legally the Central Government can redraw the map of the whole country and merge and divide the existing States. Further, the Central Government can issue directives to the State Governments as regards the manner and method of conducting public affairs. It can dismiss a State Government and administer the State concerned directly.

What were the factors responsible for the establishment of such a 'distorted' federal system in India?

(1) The partition of the country and the events that followed gave a rude shock to the leadership. Preservation of the unity of the nation became a paramount objective. A powerful and effective central government was considered essential to defend national unity. As G.S. Pathak states: "When the partition of 1947 was finally announced, the reaction of Indian leaders was immediate and they unanimously favoured a strong central government..."

⁵G.S. Pathak, "Centre-State Relations: The Constitutional Basis", in B.L. Maheshwari, ed., Centre-State Relations in Seventies, Calcutta, Minerva Associates, 1973, p. 114.

Members of the Constituent Assembly overwhelmingly voted for the view that "the unity of the nation" could be protected by a strong central government.

The ruling classes did not view the partition of India as a consequence of the compromise made by Indian nationalism with the communal forces that demanded partition. On the basis of a facile interpretation of Indian history, the leadership thought that a strong central government was essential to protect the country against fissiparous tendencies and divisive forces.

- 2. Further, the philosophy of economic development as articulated by the leadership after independence was built on the principle of active initiative by the state to establish an infrastructure for the industrial development of the country. The apex level of government was considered crucial for laying down the foundations for a modern national economy for India.
- 3. The Indian capitalist class is not a homogenous group. It is riven with serious intra-class conflicts. The monopoly section of the Indian bourgeoisie, however, wanted a full development of the national economy and the national market. It, therefore, felt that the national (central) government rather than the state governments should be enabled to play a crucial role. It knew that it would be far easier and far more convenient to deal with foreign monopoly capitalism through a powerful central government.

CENTRALISATION VERSUS ACCOUNTABILITY

Post-independence developments are directed towards the creation of a national market economy and its regulation by the national government in India. Economic integration of India is proposed to be achieved with the assistance and initiative of the Central Government of India. The imperatives of industrialisation have made centralisation in administration as a natural development in the post-independence period. This process of development of the last thirty years cannot be reversed.

If centralisation is the trend in India, efforts should be made to make administration accountable and democratically responsive. There is no inherent conflict between a centralised administration and democratically oriented bureaucracy. Many agencies of administration which operate in 'secrecy' help centralisation of administration. There is hardly any need for 'developmental' administration to operate in secrecy. Administrative agencies which deal with the socio-economic problems of the common masses should be open to scrutiny by people's representatives in a meaningful manner.

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To conclude, two propositions have been advanced in this paper:

(a) We inherited a centralised administration and the socio-economic developments of the last thirty years have strengthened centralisation in administration.

(b) There is no inherent contradiction between a centralised administration and a democratic administration. We should emphasise greater accountability of our administrators.

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VOLUNTARY AGENCIES

Implementation of block plans is primarily the responsibility of the State Governments. However, as voluntary agencies are to be involved in the implementation of these plans in some areas it is necessary that some arrangement is conceived whereby the selection of voluntary agencies, and the areas where they are to operate, can be made. It is necessary that adequate autonomy is given to the voluntary agencies to carry out their work. It is, therefore, essential that a thorough scrutiny of the reliability and suitability of the agency to undertake the work is made before work is assigned to these agencies; but once an agency is selected it needs to be given a reasonable degree of autonomy. It is envisaged that a high powered committee will be set up at the Centre where adequate representation is also given to the voluntary agencies. This committee, in cases where comprehensive block planning or implementation are to be undertaken by the voluntary agencies will, in consultation with the State Governments, select the voluntary agencies and the areas where they will work.

> -Report by the Working Group headed by Shri B. Sivaraman (Member, Planning Commission), 1978.

Centralisation-Decentralisation: Some Theoretical Notes

Kamal Nayan Kabra

CENTRALISATION-decentralisation differentiation is a multi-disciplinary conceptual category. Many theoretical and policy-oriented controversies, models and designs centre round the preferred degree of centralisation and/or decentralisation. For example, the market versus planning controversy¹ as well as models and blueprints are characterised by varying degrees of concern with decentralisation-centralisation polarity. Symptomatic of the conceptual cobwebs cluttering such controversies is the transfiguration of the debate from the one concerning centralisation-decentralisation continuum to the one relating to centralisation-decentralisation dichotomy.

In this note, it is attempted to show, with the help of some illustrations, that, more often than not, the centralisation-decentralisation polarity is invoked in an emotive sense. These conceptual categories are invested with some implicit, explicit or part-implicit, part-explicit value preferences, ideological overtones and philosophical predilections. As a result, the

¹This is a controversy dating back to 1930s. Important works on it include: Hayek, F.A. Yon, Collectivist Economic Planning, London, 1935; Mises, L. Von., Socialism, New York, 1937; Lange, O., "On the Economic Theory of Socialism" (ed. Lippincott), New York, 1938; Dobb, M., "On Economic Theory and Socialism (London, 1955); Durbin, E.F.M., "Economic Calculations in a Planned Economy", Economic Journal, Dec. 1936; Heimenn, E., "Planning and the Market System", Social Research, 1934; Bergson, A., "Market Socialism Revisited", Journal of Political Economy, 1967; Brus, W., The Economics and Politics of Socialism, London, 1973; Grossman, G. (ed.), Value and Plan, Berkeley, 1960; Lutz, V. Central Planning for the Market Economy, London, 1969. Many socialist economists now recognise the roles both of planning and market. As Kornai J. says, "... a socialist economy can dispense neither with a planning nor with a market mechanism ... both should function in their fully developed form. In the human organism certain functions are controlled by the autonomous nervous system, others by the central nervous system.... In the economic mechanism it is primarily the market that will perform the role of autonomous nervous system whereas planning performs that of the central nervous system. Neither can replace the other, and it must be endeavoured to keep both intact and in working order. "Mathematical Programming as a Tool of Social Economic Planning" in Socialist Economics (ed. Nove and Nuti), Penguin, 1972, p. 186.

discussions produce non-functional outcomes, generating more (and avoidable) heat than light.

In the next section, an attempt is made to introduce some modicum of order in these interminable debates by producing a conceptual framework (applicable basically to the economic sphere but presented here with the hope that it may probably be of some use in other spheres as well) in which discussion on the theoretical and applied aspects of centralisation-decentralisation choices may be meaningfully carried out. In the last section, it is attempted to bring the conceptual framework adumbrated in the earlier section to bear on some of the issues of institutional-organisational nature concerning planning and public intervention in India.

MARKET VERSUS THE PLAN

The historical process of the emergence of capitalism a la the classic English pattern is marked, on the one hand, by the rise of a large number of small-sized entrepreneurs, who in their totality dominate the economic scene, and, on the other, by the weakening of the mercantilist paternalistic state interference in the economy². Hence the rise of capitalism is painted as the emergence of a decentralised economic structure,³ which, at the same time, involved the replacement of a centralised, mercantilist state structure by a laissez-faire decentralised system of statecraft.* These momentous developments in the economic sphere were also accompanied by the deepening and widening of democratic institutions in the political sphere, at least within the metropolis. Thus liberalism in economy, polity and society came to be associated with decentralisation.⁴

The replacement of Gemeinschaft view of society by Gesellschaft view

²Robinson, J., *The New Mercantilism*, an Inaugural Lecture. Cambridge University Press, 1966. "In the dark age before the light of Adam Smith dawned, there had been mercantilists who were both misguided, because they thought it proper for a government to operate in favour of the economic interests of its own country, though at the expense of others, and silly because they thought it was in a country's interest to build up a trade surplus by restricting imports." p. 3. Despite ringing sarcasm, the tenor of mercantilist policies comes out sharp and clear.

^{*} That the capitalist development led to the strengthening of nation states with vast colonial empires is a question of structural and authority centralisation which is conveniently forgotten in these emphoric formulations.

³Hayek, F.A. von, Identifies competition with decentralisation. He says, "Competition, on the other hand, means decentralised planning by many separate persons." "The Use of Knowledge in Society" in Bornstein, M. (ed.) Comparative Economic Systems, Illionis, 1969, p. 23.

⁴Dahl, R.A., and Lindblom, C.E., *Politics, Economics and Welfare*, New York, 1953. Joan Robinson, *Economic Philosophy*, Penguin, 1965.

marked the coming of individualist, decentralised forces to the forc.⁵ Economics, developing in the aftermath of these changes, not only viewed the economy as market-centred,⁶ but through some unspecified theoretical jumps, made the market synonymous with what later came to pass as its 'perfectly competitive model.' No wonder, in subsequent literature, perfectly competitive economy was taken to be the prototype of a perfectly decentralised economy.

Along with the conquering of the pedestals of power by the decentralised, competitive market model, there also set in a totally polarised reaction viewing the whole system as anarchic. The rising power and economic performance of the new system, especially when viewed through the ethnocentric blinkers of the resurgent west, ignored the characterisation of the system as anarchic, and instability-ridden. It relied upon the device of counter-offensive by treating these views as a kind of underworld of economics. The dominant paradigm, after all, reflects the dominant power configuration!

However, after the traumatic experience of the First World War, the Great Depression, the October Revolution and the Keynesian Revolution, voices of realism mingled with radicalism began to be heard. The market view of the economy could no longer be identified with the perfectly competitive fiction as the forces of extended reproduction, concentration and centralisation and their outcome came to be recognised, in the mainstream economics, in the form of models of imperfect, monopolistic competition, oligopoly, monopoly, etc. These were paralleled, on the other hand, by the theories of imperialism, finance capital, state capitalism, etc., as the no-longer-containable subterranean level of Marxian writings like those of Lenin, Rosa Luxemberg, Hilferding, Hobson, Sweezy, burst forth the barriers of the dominant paradigm. One of the most spectacular results of this phenomenon was the emergence of a neo-liberal economics viewing the market centred economics as a historically transient phase and exposing its ideological-apologetic role from within the four walls of conventional economics.

These developments tended, on the one hand, to expose the decentralised model for what it was, and, on the other, to build up, in the form of a theory of planning and active state intervention, substitute models in place of the exploded perfectly competitive decentralised model.⁹

⁵This view was advanced by Max Weber. The title of his work, *Community and Society* (Gemeinschaft and Gessellschaft, 1888) itself showed this thesis.

⁶For a critique of such market-centred, formal views of economy, see, Polanyi, K. and others (ed.), *Trade and Market in the Early Empires*, Illinois, 1957.

⁷The expression is from Keynes... General Theory of Income, Employment and Money, London, 1937.

⁸See the classic works of Joan Robinson, Chamberlin, Kalecki, etc., on imperfect and monopolistic competition.

⁹See the literature in footnote 1.

Along with these practical and theoretical developments in the west, national, economic planning was scoring its innings in the experiment at building up a developed, planned socialist economy in the Soviet Union. Among its sharply highlighted features, an important one concerned its centralised character. ¹⁰ Alike in fact and fiction, in theory and ideology, in scientific writings and in popular outpourings, the Soviet model was described as a centralised monolithic system. Since this model was also counterposed to the western competitive model, the contrast between the market economy and the planned economy acquired all the trappings of a contrast between decentralisation and centralisation. These developments, briefly outlined, lie, in our view, behind the emergence of a sharply defined polarity between centralisation and decentralisation. The contrast was all-pervasive, spreading over the economy, the polity, the society, the administrative system and the ideology, *i.e.*, from the base to the superstructure.

THE CONCEPTUAL FRAMEWORK

The emotive and nebulous character of the bi-polar contrast between centralisation and decentralisation arises, in part, from the really broad character of the concepts, owing to the breadth and diversity of contexts to which they apply. Organisation and management theories, neoclassical micro economics, political sociology, constitutional analysis, political philosophy, political economy and economic policy and planning analyses are all, in varying measures, and in a number of connected and unconnected contexts, concerned with questions of centralisation-decentralisation. The very fact of such a wide 'domain' of the concepts is a hindrance to sharp and clear conceptualisation; owing, if nothing, to the diversity of purposes, practical and theoretical, for which these categories are made use of.

In view of the above, it would, indeed, be heroic to put the whole conceptual apparatus in a manner capable of satisfying so many diverse disciplines. In the following, starting basically from a political economist's perspective, an attempt is made to sharply focus on some conceptual categories germane to an understanding of the centralisation-decentralisation continuum.¹¹

¹⁰Lange, O., "Role of Planning in a Socialist Economy", Indian Economic Review, August 1958.

¹¹Many organisation and management theorists look at centralisation-decentralisation as a continuum. Koontz, H. and O'Donnell, C., say, "...there cannot be absolute decentralisation, for if a manager should delegate *all* his authority his status as manager would cease; his position would be eliminated; there would again be no organisation. Centralisation and decentralisation are, therefore, tendencies; they are qualities like 'hot' and 'cold' *Essentials of Management*, New Delhi, 1976, Tata McGraw Hill, p. 196.

To begin from the beginning, one can advance a trivial but often oversighted proposition: it is only in a multi-unit situation that one can think in terms of choices between varying degrees of centralisation and decentralisation. If there were a single-unit situation, incapable of any division, decentralisation will be, ex-definitione, ruled out. On the contrary, if there were a multi-unit situation, incapable of reduction into a smaller number of units, it will ex-definitione, rule out centralisation. Similarly, in a situation inherently organised in such organic or mechanical multiple units that it rules out any reorganisation, one can speak of a given degree of decentralisation in a comparative sense against an exogenous yardstick.

That is to say, for the application of various centralisation-decentralisation concepts, one has to understand the *partitioning* of the structure. Partitioning of a situation gives the composition of a structure. Given the composition of a structure, one can ask questions concerning:

- (a) the extent, degree or fineness/coarseness of partitioning;
- (b) the nature of partitioning (the qualitative aspects);
- (c) the relationship between or 'coupling' of the partitioned units; and
- (d) the extent to which the partitioning is parametric, spontaneous and/or is a choice variable.

It can be seen that these are all related questions; particularly the last two questions are a further amplification of the qualitative aspects of a given partitioning.

In an economy, its partitioning into single or multiple units; their organic or mechanical character; the mutability or otherwise of partitioning; the various kinds of partitioning; the horizontal or vertical nature of the relationship between the variously partitioned units—are questions which are a function of the kind of economic system one is thinking of, its historic process of evolution and the level of development of productive forces reached by it. We can illustrate these concepts and formulations with the help of the partitioning and related questions of a planned economy (i.e., an economy in which socio-economic planning is the organisational principle and is based on social ownership and control of the physical means of production). The partitioning obtainable in a planned economy can be viewed in terms of the following three institutions of a planned economy and their relationships. The last two fall in the domain of 'real spheres' and the first one belongs to the 'control sphere'. 12

(a) There is some central planning agency, constituted by the state,

¹²Kôrnai, J., Anti-Equilibrium, Amsterdam, 1971.

which is responsible for the management and organisation of the economic life of the entire nation.

- (b) There are production units. Production units would be interpreted in the sense of 'plants'—technical units engaged in the production of one or more commodities. The distinction between a plant and an enterprise (not just a technical unit, but basically an economic, rather, a socio-economic unit) is important. These plants are organised in the form of enterprises and are the property of the state. The individuals operating these plants (organised into enterprises), carry on production on behalf of the state under a stipulated scheme of obligations and rewards.
- (c) There are the consuming units, be they households, public consumption departments of the government or communes. ¹³ Each household has the dual role of supplying the labour force to the production units of the economy and buying consumer goods for the satisfaction of the wants of the entire family. These households are independent and autonomous. They pursue their own, individual, objectives within the limits of the socio-political-legal framework.

The number of separate units of production, consumption and planning in an economy is a resultant of a multitude of factors. 14 The number of units into which the production, consumption and planning activities are divided we can call the partitioning of the economy. The central planning agency, the production units (the plants), and the consuming units like households or communes as described earlier, constitute the basic partitioning of a planned economy. This description does not say anything about the size. number and complexity of the plants and households. Even the planning unit could be divided into many parts on regional and/or functional basis. Moreover, there could even be many definitions of plants and households. However, if any economy happened to be characterised by relatively large numbers of small households and plants, we may call it a structurally decentralised economy. This is a finely, atomistically partitioned structure. Obviously, there could be different degrees of decentralisation according to the varying degrees of partitioning. As we move up the ladder, there could be more and more 'coarsened' partitioning. 15 An economy organised into a few giant units

¹³Even in a planned economy, there could be a sector of peasant or family production combining the roles of production and consumption. However, these are not sizable.

¹⁴The discussion in this Section is based on Chapter IV of the author's Ph.D. thesis, Role of Price Mechanism As a Tool of Plan Implementation, University of Delhi, 1972.

¹⁵Hurwicz, L., "Conditions for Economic Efficiency of Centralised and Decentralised Structures" in *Value and Plan, op. cit.*, pp. 172-175, makes use of the categories of 'fine' and 'coarsened' partitioning.

would be a structurally centralised economy. In the limiting, theoretical, case one could imagine a single-component or a single-unit economy.

In most conceivable economies, the number of households is bound to be large. Even when consumption is organised on the basis of communes, the consumption units are likely to be fairly numerous. The size of the production units (plants) tends to increase, among other things, with technical progress. Yet with an increase in the size of the total economy, the number of plants is likely to remain fairly large. However, over a long period of time, the number of plants could be increased (and their size reduced) or decreased (and their size increased). Thus there can be many different patterns of partitioning. This is also correct of the planning units because the planning function, after all, is itself a planned one.

What we see from the foregoing is that the partitioning of an economy gives us one important dimension of the structure of an economy. The structure of any system is also a matter of the number of units of which it is composed. Various issues, like the way many of its functions are organised and carried on, are influenced by the number of units into which the economy is divided, spontaneously through the operation of elemental forces or consciously through some specific decision-making processes. Thus one dimension of the centralisation-decentralisation question is connected with the number of units in the system; the partitioning of an economy gives us the degree of centralisation-decentralisation. On the basis of the partitioning, we can draw important conclusions about the structure of an economy. For example, we can say that a finely partitioned small-sized economy yields a structure basically (qualitatively) not much different from a coarsely partitioned largesized economy. For example, the technical problems of information collection, transmission and conversion into decisions in a finely partitioned small-sized economy are not much different from those in a coarsely partitioned largesized economy.

The structural aspect of centralisation-decentralisation has been inadequately understood in the literature on the subject. Hence attention has been given practically exclusively to the question of what could be termed decision-making centralisation-decentralisation. This latter concept of decentralisation-centralisation refers to the following questions: who makes the economic decisions about current output and future production programmes in all their aspects? It is our contention that decision-making centralisation-decentralisation of the economy must be discussed, keeping in view the structural centralisation-decentralisation of the economy. Neglect of this consideration leads to an incomplete and distorted view of the centralisation-decentralisation problem,

Whether centralisation or decentralisation of decision-making is in the framework of a finely partitioned structure or a coarsened structure, is a consideration that affects the feasibility and workability of that particular degree of centralisation or decentralisation of decision-making. For instance, decentralised decision-making in a coarsened structure, like monopolistic competition, is likely to work differently from decentralised decision-making in a finely partitioned structure like the *atomistic* competitive structure. Hence not only a scheme of centralisation-decentralisation would be incomplete without specifying the degree of structural centralisation-decentralisation but also an analysis of its operationality cannot adequately be made in such a situation.

The issue of specifying the degree of partitioning in a planned economy is all the more relevant because, based as it is on the social ownership of the means of production, its organisational structure—its degree of partitioning—is subject to greater social control. There is no predetermined, fixed organisational structure which rigidly determines the degree of partitioning of the three basic institutions, viz., the consuming households, the producing plants and the planning agency, of a planned economy.

As pointed out by Beckwith, ¹⁶ even a capitalist economy is not subject to any unique organisational pattern. It is organised, however, by individual self-interest leading to unconscious, spontaneous cooperation in which the interplay of the forces of private gain and competition will determine the organisational structure of the economy. A planned economy is free from any compulsive or unique organisational structure. It is free to adopt, consciously, any organisational structure that it decides upon and finds workable. ¹⁷ That is to say, the organisational structure of a planned economy is a choice variable for the planners. The organisational manoeuvrability, it must be pointed out, is subject to some constraints like the state of development of the productive forces, the historical experience with respect of management and organisation, the objective of the national economy (like rapid industrialisation, relatively priority development of certain sectors, etc.) socio-psychological traditions of a society, etc.

The partitioning of the economy, as we have seen, is very relevant to the question of centralisation-decentralisation. So far we have talked about

¹⁶Beckwith, B.P., The Economic Theory of Socialist Economy, Pt. II, Chap. V, p. 89, London, 1949.

¹⁷Ibid., p. 89, "Socialism will unite three distinct forms of organisation (viz., those covered by political science, political economy and business administration), in use under capitalism into a single system which will replace the capitalist state, the anarchic capitalist organisation of the national economy, and private business organisation."

the extent or degree of partitioning only. This is related to structural centralisation-decentralisation. The nature of partitioning could also be quite revealing. As we shall see, it is related with the question of decision-making centralisation-decentralisation. Partitioning could be: (i) vertical, or (ii) horizontal.

Since the question of centralisation-decentralisation is also a question about the relationship and connection between the different units, a given partitioning has to be specified according to the nature of relationships among its various units. Obviously, various units are inter-related and are interdependent in many meaningful, economic ways. This economic interdependence, as is well known, could be vertical or horizontal.

In the sense of technical-economic interdependence, various units engaged in the operation of some parts of one single production process, but organised into independent, separate units, are said to constitute a vertically partitioned structure. A number of units producing a similar or the same product independently are said to constitute a horizontally partitioned structure. This view of partitioning is not significant from the point of decision-making centralisation-decentralisation. Nonetheless it affects the decision-making criteria and processes within the unit insofar as it is an important influence on the structure of the market in which the horizontally or vertically related plants operate.

Delegation and Devolution

The nature of the relationship between the different units could be looked at from another point of view. The distinction between horizontal and vertical partitioning could be understood to refer to relations of authority, command, subservience or equal independence among the different economic units. Thus there could be organisations having units or organs of various ranks; organisations of this type could be called multi-level organisations. This aspect of the partitioning of the structure links up with the question of decision-making centralisation-decentralisation. Hence the nature of partitioning from the point of relations of authority is significant for understanding the nature of centralisation-decentralisation.

The households and business enterprises in a perfectly competitive private enterprise market economy constitute a horizontally partitioned structure because, in the sense of authority and command, they are independent and equal; they are at the same level of authority having equal legal rights and standing. They make their own decisions and do not legally take their orders from any other firm. This, from the point of view of decision-making, is the most decentralised structure as everyone makes his own decisions.

In a vertical structure, there are different levels of authority. It is a hierarchy of organs of various ranks. There are some units superior to the rest while others are under the command of some of these organs. This is the genesis of a certain degree of centralisation of decision-making. Relating the concepts of decision-making centralisation-decentralisation to the relations of authority brings out a very significant point. What is crucial is not so much who makes the decisions but whether the decision-making is done by autonomous, principal units or is it delegated, subordinate (subject to approval and change and/or based on criteria/information handed down to them) decision-making by units at lower levels of authority, because it will be a crucial influence on the content of the decisions. The questions of delegation and devolution of decision-making have to be asked and answered in the context of such relations of authority.

There could be organs of various ranks. Following Lange, 18 we may distinguish between three ranks of organs:

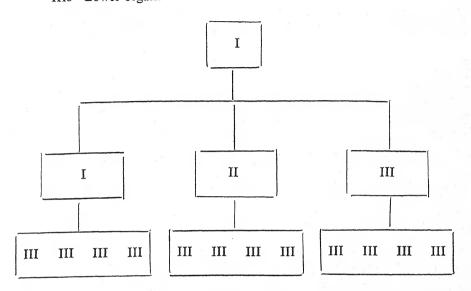
- (a) Central organ—the one of the highest rank;
- (b) Lower organs—organs of the lowest rank; and
- (c) Intermediate organs—number of organs at different levels between (a) and (b). If these organs do not play any independent role, they are termed purely relay-type organs.

A vertical organisation involves some departure from decentralisation, i.e., it, necessarily, possesses some elements of centralisation. The subsidiary units or organs of a big capitalist corporation are vertically organised, because the different units have a different standing at the level of authority with respect to each other. There is the head office or the main unit (as central organ) and other lower organs forming a hierarchy of authority. It seems, where some sort of common ownership exists, a hierarchical relationship emerges. Then there is a central organ at the top with a number of other organs down the ladder having different levels of authority. This is the genesis of the vertical organisations. In a socialist economy, common social ownership of the material means of production inevitably creates some sort of vertical organisation. A hypothetical case of vertical organisation could be illustrated in the form of a dendrite.¹⁹

¹⁸Lange, O., "Some Problems of Centralisation and Decentralisation of Management" On Functioning of the Socialist Economy, Pt. I, Vol. 23, Warsaw, 1965.
¹⁹Ibid.

I Central organs
IIs Intermediate organs

IIIs Lower organs



According to Lange, strict or perfect decision-making centralisation is a case where decisions are taken by the central organ only, that is, no organ lower than the central takes any decisions. In this case, information about concrete details moves unidirectionally from bottom to top and instructions about the activities of the lower units move downwards from top to bottom.²⁰ Here it would perhaps be best to regard the lower units as plants or factories instead of 'enterprises', since they are just the executants of the orders and instructions handed down to them.²¹ Since one can rule out perfect centralisation (reducing lower level organs to the level of mere executants of the centrally given instructions) as non-feasible, one has to deal with *enterprises*—socio-economic units capable of taking at least some decisions and not with *plants*—technical production units. The theoretical case of perfect centralisation is incapable of being feasible, for many reasons. Apart from the question of motivation and enforcement, this is primarily because the lower organs take

²⁰The Cost, wastage and clumsiness involved in such information flow in a fairly highly centralised decision-making case of East European economies are widely commented upon. See, Kaser, M. and Zielinski, J., *Planning in East Europe*, London, 1970.

²¹Cf. Brus. W., "In our economy, we have production or trade unit which we call enterprises. In fact, however, these are not enterprises since they do not have the right to make independent decisions on the basis of their own calculations but must instead accept decisions imposed, without regard for their economic interest", Oxford Economic Papers, p. 213, June, 1957.

time to process and transform this information into instructions and finally it takes time to pass down the instructions from the central organ to the lower units. Thus, by the time the instruction is available for application. a new set of instructions might become due.22 Despite electronic devices and cybernetic knowledge available for tackling this problem, the separateness of the processes of the recognition of the emergence of a new situation, the determination of the nature of it and response to it, and the information flows thus necessitated, leave this difficulty basically intact. Then, in this threefold process, there might creep in some distortions. Adequacy of information and of instructions also pose practical problems. Any lack of consistency in instructions also creates grounds for lower level decision-making. Furthermore, if the scheme of priorities adopted by the central organ and the incentives scheme applicable to the lower units, which are in the nature of 'enterprises' and not 'plants' fail to correspond, the lower units take decisions to emphasise priority tasks at the cost of the lower priority ones. For a variety of such reasons, a strictly or thoroughly centralised scheme does not appear to be a feasible organisational model.

We have referred to a horizontally partitioned structure as the most decentralised organisation structure. However, it needs further elaboration. In this model the various units are at the same pedestal of authority. Hence there is no question of any flow of instructions among them. However, there remains the need for various information flows among these units because of the interdependence (technical, economic and social) among these horizontally partitioned units.

Leonid Hurwicz had elaborated the properties of an informationally decentralised structure.²³ According to his formulation, informational decentralisation is characterised by operationality (describing a set of visible actions that might be taken by some units) and anonymity of messages (i.e., proposals that do not differentiate between senders, and response to them depends only on their content and not on who the sender is). This definition of decentralisation does not take account of the structure of authority (i.e., who is entitled and on what basis to make which decisions). Once we include this consideration in Hurwicz's conception, his informational decentralisation becomes decision-making decentralisation. The structure of authority capable of meeting the requirements of operationality and anonymity must be one where each unit is autonomous and possessed of its own authority. This means that the various units are at the same level of authority, and no superior agency (having the right to receive internal information about any unit) exists. Hence it appears that Hurwicz's conception of decentralisation is so

²²Lange, O., op. cit.

²⁸Hurwicz, L. op. cit., pp. 162-175.

framed that only when informational decentralisation exists along with a structure of authority capable of meeting the requirements of operationality and anonymity that it is possible to have decentralised decision-making. This situation can prevail in a perfectly competitive private enterprise economy where the various enterprises operate at the same level of authority without submitting to any unit of a higher rank and also in many other private enterprise situations characterised by varying degrees of monopoly and competition or in a syndicalist framework.

This inference about the nature of Hurwicz's decentralisation could be further supported by some of his explicit statements to this effect. He intends to make his definition "compatible with that implicit in the writings of both Hayek and Lange applicable to a regime of perfect competition." Further, what he does is "an attempt to formalise the intuitive ideas underlying much of the discussion concerning the virtues of decentralisation and centralisation" in such a way that "it must be characterised by some desirable properties of the type claimed for it by Hayek and many others who would not otherwise have advocated it".25

However, it has been shown that, given the multiple-organ structural decentralisation of production units, the concept of decentralised decision-making is applicable to a planned economy as well. Such a decentralisation is operative under the basic constraint of the supremacy of the central planners; only the individual enterprises (collective of workers) are permitted to determine their mutual relations horizontally under the rules, guidelines and specific instructions given by the central planners. The micro-relations, in other words, are within the framework of a macro-plan and a plan of planimplementation. In a planned economy, decentralised decision-making is, after all, a certain method of achieving the objectives determined by the macro socio-economic planning processes.

Diffusion Plus Autonomy

In the context of a planned economy, it is unreasonable to make the concept of decentralisation identical with that of perfect competition.²⁶ Maurice Dobb makes this strongly when he argues that "competition necessarily implies not only diffusion but also autonomy of separate decisions.... Either planning means overriding the autonomy of separate decisions or it apparently means nothing at all. Those who dream of marrying collectivism to economic anarchy, must, at any rate, not pretend that the progeny of this

²⁴Hurwicz L., op. cit., p. 166.

²⁵Ibid. emphasis added, p. 166.

²⁶Hayek identified the two. See footnote no. 3. Also Hurwicz L., op. cit., pp. 165-66.

strange match will inherit only the virtues of its ill-matched parents.²⁷ Since decentralisation of the perfectly competitive market type implies 'autonomy of separate decisions' and this property cannot be found in a planned economy, by definition, the concept of decentralisation based on generalising the features of a perfectly competitive market economy cannot be applicable to a planned economy.

If the concept of decentralisation is to apply to a planned economy, the managements of the socialist enterprise who are, under the rules of decentralisation, constantly called upon to make decisions affecting the longterm interests of the enterprise, must be given some long-term lasting interest in the future of their organisations. Providing these long-run, lasting incentives in a logically consistent manner would take one away from the socialist nature of the enterprise. As pointed out by David Granick, "clearly, the further one might move along these lines, the closer one would be coming to what amounted to a corporate system of ownership of the means of production by relatively small group of individuals". 28 This situation is termed as "the extreme anarcho-syndicalist degeneration" by Lange.29 Moreover, this conception does not take account of the inevitable existence of a central planning agency, its macro-level decisions and the creation and manning of the enterprises themselves by the central planning agency in a planned economy. A general definition of decentralisation must leave scope for its application to diverse systemic patterns. A planned economy has certain inherent centralistic elements. A definition of decentralisation either must allow for these elements or the question of decentralisation in a planned economy would not arise.

The concept of decentralisation formulated in such a way as to be identical with a perfectly competitive market economy is restrictive not only because it renders the concept inapplicable to a planned economy. On this interpretation, many imperfectly competitive monopolistic markets too would not be considered as fully decentralised as a perfectly competitive market is because of non-atomistic partitioning and non-parametric prices prevailing in the former. This would be so even though some of the functional properties of decentralisation displayed by the perfectly competitive market economy model (like determination of the level of output at marginal cost equal-to-marginal-revenue level, non-collective, dispersed decision-making etc.) continue to be operative under the monopolistically competitive markets.

²⁸Granick, D., "Some Organisational Problems in Decentralised Planning", Coexistence, p. 170, No. 5. (1966-Oxford) emphasis ours.

²⁷Dobb, M., "The Question of Economic Law in a Socialist Economy" in *Political Economy and Capitalism*, pp. 276 (emphasis added), London, 1937.

²⁹Lange, O., "Political Economy of Socialism" in *Problem of Political Economy of Socialism* (ed. Lange), New Delhi, 1965, Second edition.

Thus we would not identify decentralisation completely with a perfectly competitive market economy.

Most often the question of decentralisation has been discussed with reference to decision-making about resource allocation. At times, informational decentralisation alone has been talked about. These are partial views. Decentralisation-centralisation could have many aspects with varying degrees of interdependence. In fact, decisions, wherever possible, about structural decision-making and other aspects of decentralisation-centralisation imply certain specific implications for each other.

Our argument so far has highlighted structural centralisation-decentralisation (the degree of partitioning of an economy) and decision-making centralisation-decentralisation, which takes note of informational centralisation-decentralisation as well (the nature of partitioning in the sense of ownership and control of resources determining the nature of inter-relations among units in a multi-level, hierarchical structure). At this stage, it may be useful to introduce another dimension of centralisation-decentralisation. This refers to the execution or implementation of the decisions made in an organisation having a certain degree of decentralisation-centralisation with respect to structure and authority.

At the conceptual level, there is a time-lag between a decision and its implementation. There is also a functional distinction between decision-making and its carrying out. In a sequence, the one is to follow the other. In a private enterprise competitive decentralised economy, the decision-maker and the implementors are either the same agency or, as in the case of a modern corporate unit, the division between the decision-makers and the executants is an internal management matter based on delegation and/or devolution of authority. However, with the emergence of the centralising elements with hierarchical, multi-level organisations (not only a planned economy but a giant corporate unit with many divisions and plants like that for a multinational company, or a government with manyfold socio-economic activities with many organisational units), there emerges a split between decision-makers and executants. Hence there is no necessary identity and/or correspondence between the degree of decision-making centralisation-decentralisation and the degree of operational centralisation-decentralisation.

The executant units may or may not be decision-making units and can be partitioned differently from each other. For example, while decision-making may be highly centralised, implementation may be diffused and entrusted to several units. On the other hand, decision-making may be decentralised but implementation may be fairly centralised. In a private enterprise economy, e.g., savings decisions are decentralised among households

and various production units but mobilisation and utilisation of savings may be centralised in a few leading financial agencies, finance and planning ministries and some promoters. This is the basis for the famous Keynesian separation between savers and investors. The former function's high degree of decentralisation along with the latter function's comparative centralisation holds the key to the Keynesian explanation of underemployment equilibrium. Thus the morphology of various kinds of centralisation-decentralisation (of course, closely inter-connected) cannot be complete without referring to operational centralisation-decentralisation.³⁰

Informational decentralisation-centralisation is a function of the partitioning, decision-making and operational decentralisation-centralisation, because information generation, access, need, communications, analysis and uses depend on the structural, decision-making and operational centralisation-decentralisation. That is to say, informational centralisation-decentralisation is a kind of residuary category depending on other aspects of the organisational structure. The problems of handling information associated with various mixes of the three aspects of centralisation-decentralisation are one set of considerations in choosing a specific mix of the three.

Our discussion so far has dealt with some conceptual and theoretical issues concerning the centralisation-decentralisation question. It shows the choices which are there with respect to various aspects of centralisation-decentralisation, and on the basis of such a conceptual-classification scheme, one is enabled to analyse the considerations which affect choices. Surely, one can also extend the analysis to issues related with the consequences and impact of the organisational choices about the degree of centralisation-decentralisation in the three related aspects, viz., structural, decision-making and operational. It also follows that the centralisation-decentralisation polarity is a non-issue; the real questions concern the degree of centralisation-decentralisation with respect to three concrete issues. Thus the scenario that emerges is one of centralisation-decentralisation continuum, rather than that of polarity. Certainly what we have done so far is a somewhat abstract and tense exercise with some concrete dimensions of a planned economy and of a competitive model brought into the picture.

Though we concentrated mainly on the economic aspects, it can be seen that one can apply these categories to other aspects of the social reality as

³⁰Many fail to distinguish between decision-making and operational aspects of centralisation-decentralisation. For example, a popular management text book says, "Centralisation has been used to describe tendencies other than the dispersal of authority, as in centralisation of performance" (Koontz H. and O'Donnell, C., op. cit., p. 197). As our emphasis show, 'authority' is taken to be, more or less, the same thing as 'performance'.

well. For example, it is possible to speak of partitioning of the political institions, their multi-level organisation, the decision-making powers distributed among a specifically partitioned structure and legitimatised on the basis of given elements of the distribution of political power and authority. Similarly, one can think in terms of operational decentralisation-centralisation in the political sphere. It can also be shown that a certain degree of compatibility and correspondence between the structural, decision-making (authority) and operational aspects of decentralisation-centralisation makes for an effective organisational structure.³¹

DECENTRALISATION IN THE INDIAN CONTEXT

Given the hazy, implicit and emotive character of the conceptual-theoretical framework generally prevalent on the issue of centralisation-decentralisation, it is understandable that in the Indian discussion on the specific issues of planning and public policy, there prevails a good deal of confusion.

Let us first take up the question of planning. In planning, the planning function, right from the Resolution on the constitution of the Planning Commission, upto the sudden switchover to 'rolling planning', there has been little evidence, especially prior to the inquiry by the Administrative Reforms Commission,³² of systematic planning. This is not to deny the studies made by economists, organisational and planning experts in their individual capacities as also authoritative *ex-post* statements on the planning process in India.³³

Though the multi-level character of Indian planning has come to be recognised,³⁴ a number of questions are asked only with respect to various public sector and government agencies. Thus despite the fact that the bulk of economic activities, including its dynamic savings, investment and technical change components are under the control of the private (i.e., the non-government) sector, yet in the multi-level frameworks of national economic planning, methods, possibilities, socio-political conditions, etc., for involving the private sector, particularly the non-organised segments of it, in the planning exercise are hardly ever raised. Thus in the centralisation versus decentralisation controversies about planning, questions concerning the relative roles of the

³⁸The Planning Process in India, Planning Commission, Government of India, New Delhi. 1964.

³¹For elaboration of this condition for district planning in India, See, Kabra, K.N., Planning Process in a District", IIPA, New Delhi, 1977.

³²See, The Report of the Study Group on Machinery for Planning, Administrative Reforms Commission, Government of India, New Delhi 1967. The Report on Machinery for Planning, Government of India, New Delhi, 1968.

³⁴Kabra, K.N., op. cit. It also lists further references.

Central and State Governments, district and lower level administrative set-ups, of regional autonomy and of popular participation are raised. But rarely one finds even an awareness that basic questions on these issues also arise with respect to public sector-private sector polarity which has a decisive bearing on the question of authority distribution in the economy, and that their relative roles in the planning process have an important bearing on the centralisation-decentralisation question, with respect to its structural, decision-making and operational aspects.

The consequences of ignoring public-private dichotomy in planning decisions are substantive. Given the character of the state, delegation and devolution of decision-making within the government system may not be so important in substantive, real sense, as the division of authority which obtains and/or is allowed to obtain between public and private sector planning decisions. How significant could this division of functions between the public and the private sectors be can be seen from the way our planning of the industrial sector has worked.³⁵

Following from the Industrial Policy Resolution of 1956, public sector has been restricted primarily to capital, intermediate goods and infrastructure sectors, except for its involuntary saddling with the 'sick' private sector units. For the rest, within the framework of long term demand forecasting in the framework of some sort of a consistent multi-sectoral consistency planning model, industrial licensing has meant private, large-industrial houses making major investment decisions and the state, its financial institutions, import licensing and capital issue sanctioning authorities falling in line with these decisions with varying degrees of delay, dithering, quibbling and various kinds of promptings. Apart from the evidence available in official reports and individual research studies, the very fact that this period has been considered the golden age of Indian industrial capital and there has taken place centralisation of industrial capital on a massive scale go to vindicate the proposition that centralisation of decision-making in private large industrial houses has reduced the area of public-planning of industrial development in India. In fact, it may well be suggested that in the name of capacity utilisation, exportpromotion, employment-protection, etc., it is the needs (in terms of inputs, infrastructure, imports, manpower etc.) of the large industrial houses which have gone to decide or clinch many decisions concerning public investment and policy (the latter especially in fiscal, monetary, tariff, prices and public control and regulation policies).

³⁵Since we are presenting a very terse and brief overview of some aspects of the planning of industrial development, it would be out of place to cite references for our assertions in the following. However, any familiarity with the facts and literature on Indian Industrialisation since 1951 will surely bear out our contention.

Thus there has taken place a tremendous centralisation of decision-making in the hands of a microscopic minority. As a result one can observe a wide chasm separating declared objectives and actual outcomes. Many debates rage over the issue (not necessarily unimportant) of centre-versus-state centralisation of the planning function. Similar pleas can be heard about district level, block-level planning and fancifully enough, even about planning which is specific to the needs of each family. But the *de facto* concentration of decision-making which is consequent upon increasing industrial centralisation is not receiving much attention. Apart from real-political reasons, neglect of conceptual distinctions between various facets of centralisation have a role to play in the cognitive failures of identifying these centralising trends.

Decentralised Agricultural Planning

A similar story unfolds itself when one takes up the question of decentralised agricultural planning. With the continued skewed distribution of land somewhat worsened owing to the operation of demographic and market forces and announcement effects of public policy, lower-level planning, with non-official participation, may be structural decentralisation but, in effect, represents decision-making centralisation in the hands of landowning classes. It is some such recognition which perhaps prompted the Planning Commission's Working Group on Block Level Planning to conclude that, "briefly, if we wish to plan for the weak, the plan may have to be imposed from above and cannot be a product from below in which the below is dominated by the rich and the strong.³⁶ Thus decentralisation in regional and/or administrative sense may not necessarily mean decentralisation of decisionmaking to the grassroots, i.e., in the present Indian context to the rural poor. In fact, if accompanied by centralisation of resources, it may mean empty decentralisation which, by pumping public investible funds in the hands of the resourceful decision-makers, encourages centralisation of resources, authority and decision-making. This is a case of greater structural decentralisation being combined with increasing decision-making and authority centralisation because the latter come about as a result of concentration of crucial economic assets like land.

Many other debates in Indian planning and public policy like decentralised industries versus centralised industries, public versus private monopolies (and the phenomenon of primitive technology masquerading as appropriate technology and propagation of status quo in the form of moralistic postures like trusteeship) are issues arising from the conceptual confusion regarding the centralisation-decentralisation debate which, at an intuitive level, treats

³⁶Report of the Working Group on Block Level Planning, Planning Commission, Government of India, New Delhi, 1978, p. 37.

centralisation as a dirty word vis-a-vis the sublime, sterling virtues of decentralisation. Nothing could be far from facts. Just as centralisation may mean exploitation, alienation and inefficiency, decentralisation may mean a perpetuation of these very dreaded features. The basic issue pertains to the structure and sources of authority. Decentralisation or centralisation become relevant issues basically within the framework of the level and development of productive forces (defining the objects of centralisation-decentralisation in the sense of the partitioning of the structure) and the network of social relations (which determine the 'coupling' or relationships among the variously partitioned social units). Not much structural centralisation is possible, for example, in an economy where the level of development of productive forces (technology) is primitive; you cannot very much combine scattered, men and/or animals driven and operated means of production. Similarly, huge centralisation of means of production and surplus do not permit decisionmaking decentralisation even if the degree of fineness of partitioning is somewhat increased through public intervention. Hence the need to dissociate the issues of centralisation-decentralisation, permissible within the framework of an economic and social system, from the basic issues of power and privilege. Centralisation-decentralisation, insofar as they are amenable to policy interventions, have to follow the basic ground rules of a social system rather than being capable of determining them.



NONE FOR ALL SEASONS

Two general points should be made in this connexion: first, in modern organizations, centralization and decentralization should be treated as two supplementary and mutually supportive elements rather than as two opposing elements; secondly.... there are a variety of ways (or combinations of ways) to organize. There are no a priori grounds for determining what particular form of organization is the best for all cases.

The Rhetoric of Decentralisation and the Reality of Centralisation

V. Subramaniam

passionate declaration of support for decentralisation is quite often found with the practice of centralisation all over the newly independent English-speaking countries, while the disparity between practice and profession is somewhat less in the French speaking world. This is not entirely the result of hypocrisy. It is the result of the interaction of several socio-historical factors which are usually bypassed by practical administrators and even academics as old, irrelevant history or needlessly complicated theory. This article examines briefly those factors, partly to clarify the whole historical and theoretical issue and partly to provoke some new thinking in regard to a balance between centralisation and decentralisation in India as well as in Africa.

Before starting this explanation, let us try to clarify these two terms since they are too commonly associated with geography rather than decision-making. Thus decentralisation is often taken to mean the distribution of power and control geographically all over the country in several centres while centralisation means the concentration of power and control in one capital city. There is some substance in this view, but the more comprehensive modern viewpoint bypasses geography and concentrates on the locus and power of decision-making. Centralisation means the concentration of decision-making in one person or group of persons in a large organisation, whether it is a government department or a firm and whether it is concentrated in one large building or in separate branches all over the country. Conversely, decentralisation means distribution of decision-making in some suitable manner in several hands in the same organisation regardless of its geographical distribution or location.

The rhetorical attachment to decentralisation in India flows mainly from three factors, namely, the heritage of British ideas about democracy, Gandhian ideas of the distribution of power and control, and thirdly ideas generated in connection with the establishment of panchayati raj and the efficient execution of economic plans at the village, district or regional level.

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On the other hand the compelling factors that support centralisation in the modern world are drawn from several mutually reinforcing sources. In the first place, comes technology, working in three complementary ways, by conquering distance first, secondly by making execution more mechanised and thirdly, by helping to process a mass of information through the computer and cybernetics. Next comes the compulsive history of all imperial conquests followed by nationalist liberation movements both of which concentrate decision-making power in a few hands. Thirdly, comes the need for centralisation of economic planning which is intensified by the ruthless competitive nature of the world economy in the post-war decades. And lastly come the human tendencies classifiable under the rubric of the iron laws of oligarchy. Let us examine these factors briefly.

THE RHETORIC OF DECENTRALISATION

British society and politics developed a system of social behaviour in the 18th and 19th centuries under the broad title of the gentleman-amateur ethic and one important corollary of this ethic is the glorification of decentralisation. I have examined the antecedents and consequences of this ethic in detail elsewhere in my articles and in my Transplanted Indo-British Administration. Summing it up briefly, the dominant group that emerged in Britain as a result of the glorious revolution of 1688 was the group of landed aristocrats consisting of a top echelon of lords and a lower echelon of the landed gentry in the country. This group not only took over the reins of government from the king but also controlled the general structure and behaviour of British society through example. The ethic they evolved was a peer group ethic based upon mutual respect, not unlike the ethic of the Samurai in Japan, but less military. The first element of this ethic was the glorification of commonsense and judgment based upon one's family and experience as against specialised knowledge. The second important element was the contribution of voluntary labour to the political and social system. Thus government was run by the landed aristocrats in parliament and field administration in the country side was looked after by the country squire acting as an unpaid justice of the peace. A third element more relevant for our discussion was the custom of trusting the man on the spot, leaving much to local initiative, thus favouring decentralisation based upon the ethics of mutual trust in a peer group. Complementary to this was, of course, the committee system based on the mutual equality of all members of the committee operating at all levels of government. All this was essentially a package and no one element could be separated from the others. When the time came to replace the country squire for a more formalised administrative system, elected local government bodies were established with suitable powers and a committee system. Later on in this century when the central government took on more and more welfare legislation and other functions requiring regional execution it



chose to delegate its powers to these elected bodies rather than establish branches of various government departments in the field. This ethic was transmitted partly by example and partly by precept to all countries in the British empire. But local political leaders absorbed parts of this ethic. In India, of course, there was a considerable modification of this ethic for reasons we cannot discuss in detail here. The Indian ideal separated literary and intellectual excellence as a Brahmin ideal on the one hand and military and executive ability as a Kshatriya ideal on the other, whereas the gentleman ethic leaned heavily towards the Kshatriya ideal. The political elites of India were drawn from the middle class which itself was drawn heavily from the higher literary castes. Of course, this conflict, however, was never discussed clearly in those terms then or now. But a considerable amount of enthusiasm for decentralisation on the part of India's political and intellectual elites is a take-over from the British ideal of decentralisation without a clear realisation that it was part of a package deal.

The second source of enthusiasm for decentralisation is the Gandhian ideal of village republics. Gandhiji himself did not fashion this ideal all in one piece, till the mid-thirties. His non-cooperation programme of 1920-21 and his earlier thoughts in Hind Swaraj did include a considerable advocacy of decentralisation, but one may treat this as part of a struggle to weaken the centralised British Government in India and much less as a thing in itself. But his travels all over India and the failure of the first non-cooperation movement, both forced him to seek a broader base for the nationalist movement: broader than the upper-middle class support he got in the first instance. Moreover, his ideal of economic independence from British economic controls drove him in the direction of sponsoring village handicrafts. Thus his constructive programme of the early twenties had already visualised self-sufficient villages without much dependence on a larger economy or a centralised government. Even at this stage one may detect decentralisation still as a means of fighting the centralisation of an entrenched government and as a withdrawal of support therefrom. But as the years passed, Gandhiji seems to have concluded that centuries of subjugation had ruined all basis of self-reliance among the Indians and the only way to re-educate them into political responsibility and dynamism was to begin at the root. Thus we find his full-fledged programme of decentralisation along with his advocacy of basic education in the mid-thirties from his Wardha Ashram. Gandhian advocacy of decentralisation attracted mixed support from contradictory groups, apart from the core sarvodava group which was emotionally committed to it. Most politicians saw it only as a means of building grassroot support for their movement. On the other hand, the chief members of the Congress High Command, while paying lip-service to it, rarely showed enthusiasm for it.

Before examining the third source of inspiration, namely, panchayati

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rai, it is necessary to dispose of the academic historical argument for decentralisation. Panchayati raj, they argue, is based on the successful running of village self-government for several centuries in the Pandya, Chola and later Vijayanagar empires in south India on the one hand and the sufficient low level economy of the north Indian villages which survived throughout the Muslim period, inspite of depredations. One can easily brush this argument aside with the observation that what was successful during one period of history need not be so during another modern period. Quite apart from that, we may note that at least from the sixth century onwards, after the time of Harsha, there was in India a wide intellectual acceptance of the political and cultural diversity of the country. This was mainly because the intellectuals had realised the failure of the earlier efforts at imperial unification in maintaining continuity, in contrast to the achievement of a permanent unified empire based on an examination-recruited bureaucracy in China. Attention was, therefore, concentrated on cultural integration. acceptance of political equilibrium in India, between several empires and their reliance on decentralised government without a large bureaucracy. But this decentralisation worked in south India mainly because the relation between the village sabha and the central imperial government was based upon several mutual complementary considerations. On the other hand, in north India. the isolated self-sufficient village was the refuge of the depoliticised Hindu population under Muslim rule. Inspite of his exaggeration, Dr. Ambedkar hit the nail on the head in his outburst against self-governing villages in the Constituent Assembly when he attributed all the miseries of India throughout Indian history to them. Though this is gross exaggeration, it emphasises that the context of decentralisation in Indian history is totally different from the present context. It is alright to talk about Uttaramerur as the village republic with the longest recorded history in the world. But it would be absurd to try to worship its stone and copper plate inscriptions as the basis of our panchayati rai.

The third source of inspiration for decentralisation is essentially modern and millions of words have been written upon the functioning of our village panchayats and parishads in reports as well as in academic writing. The nonenthusiasm of the villagers for village extension schemes was what persuaded the government to appoint the Balwantray Mehta Committee which recommended the institution of panchayati raj in its famous report. As a result, there has been generated some local initiative and enthusiasm, but studies of panchayati raj do refer frequently to upper caste dominance, panchayati factionalism and exaggerated ideas of their own capacity to do things. It is difficult for even a keen student of panchayati raj to balance the evidence for and against and pronounce judgement. Impressionistically I am inclined to say that something, however small, has been achieved by the institution of panchayati raj. But the basic conflict between the two schools

of thought about local government reappears in every discussion on panchayati raj. If they are to be regarded as instruments to economic growth at the local level, one's verdict is likely to be adverse or only mildly favourable. If they are to be regarded as schools of democracy or atleast generators of local initiative, the verdict may be slightly more favourable. Those who take the second view point also regard panchayats as effective methods of channelling local demands to the State or Union Government. In the final analysis we may say that the Central and State Governments inspite of protestations would regard panchayats and all decentralised administration as instruments of economic growth to be judged on that basis only.

THE COMPULSIVE FACTORS SUPPORTING THE REALITY OF CENTRALISATION

The first of this is the power of technology which is worldwide. This has been discussed several times over outside India particularly in connection with centralisation in large firms. Briefly, technology contributes to it in three ways. In earlier times lack of proper communication not only hindered the flow of information from field to the headquarters and vice versa, but also made it impossible for the central authority to control execution of its plans. Hence local initiative was accepted as a sad alternative. Secondly, performance of instructions at the local level was hindered also by the lack of proper mechanical and technical means. These two hindrances have been removed or reduced by technology and this has naturally concentrated decision in a few power-loving hands. There is still a third and a much more relevant hindrance, namely, the larger amount of information that needs to be processed by an authority in making decisions compared to the amount of local information processed by a local authority. Cybernetics and the computer have progressively reduced these hindrances to manageable proportions. One may note that the chief obstacle to democratic centralism in the USSR was the difficulty of processing information from the regions of that large country. In fact an impulse towards decentralisation came after the Second World War mainly because of this. However, the computer intervened and democratic centralism is back in the saddle because of the two 'Cs'.

These three contributions of technology towards centralisation vary in importance from one country to another and from one type of business to another. But there is also a universal effect in that once a possibility is realised in one country the same possibility is considered in every other country and increases the tendency towards centralisation. In this sense, even less developed countries are exposed to the centralisation possibilities of technology in advanced countries.

The crucial factor favouring centralisation in most developing countries is indeed the legacy of colonialism—including the centralisation of colonial

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administration and the centralisation of the nationalist movement as a reaction. This is true of all colonial situations, African or Asian, but specially true of India. In spite of British professions about disinterest in empire and trusting the man on the spot, British conquest of India was a centralising process technologically, psychologically and administratively. The combination of all administrative power in the hands of the district collector was defended by Sir John Shore and a few others as presenting a united front to the governed. The creation of the ICS was a powerful centralising process. Right down to 1935, British Viceroys and Secretaries of State kept emphasising that the Government of India was unitary. This basic centralising force was only mildly diluted by the gentleman-amateur ethic in India.

The Indian nationalist had to do the same to face up to the imperial government but this process gathered real momentum only under Gandhiji. His Nagpur constitution and his all-India travels created a broader base for the Congress—only to concentrate power in the hands of the Working Committee. The CWC, nominally responsible to the AICC, became instead an initiating and executive body nominated by the president. Its strength increased during the 1921 non-cooperation movement and the 1930 salt satvagraha. It reached its zenith in 1936-37 when Congress parliamentarians in Delhi and Congress ministries in the provinces were held on a short leash by the CWC. Its power was demonstrated in the short shrift given to Dr. N.B. Khare—and in the domineering way the accounts of the Bengal PCC were checked by the CWC. After independence, this power was transferred to Nehru's inner cabinet which arbitrated in all Congress factional quarrels in the states. The history of the 1950s and 1960s is yet to be written in detail about the main components of Congress Party dominance at the Centre and the states. For our purpose we need only mention that both the power of the Central Government and the power of the Party were used in a ruthlessly and shamelessly complementary manner-particularly in imposing President's Ruleon a Congress state.

The other universal factor of centralisation is the attempt to promote economic development through centralised economic planning. This has been discussed ad nauseam in India and we need refer only to the major points and the new international compulsions. Independence was primarily seen as a means of economic improvement in the 1950s and centralised planning as the best way of making use of scarce resources. This was based partly on Russian experience of democratic centralism in planning and partly on the obvious plea that all resources can be utilised in a coordinated manner only by centralised planning. A counteracting force soon developed through local demands and local apathy and local participation was sought to be secured through some local institution both in Africa and India. But this tendency has been more than offset in the last decade by the nature of the world

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economic order and the growing accumulation and centralisation of international capital. In sheer despair born out of helplessness in fighting these, developing countries are turning back to centralisation of their economy.

The main thrust of this rather sweeping exercise in listing the active factors is to show that the centralising factors are much more powerful, in fact, against the purely rhetorical factors in favour of decentralisation. Of course, linguistic separatism in India and tribal separatism in Africa are powerful factors but they can go only to two extremes; they can be used as bargaining counters in a sharing of the product, but not in making it, or, when pushed too far, they can be disintegrative. Regional loyalties have established viable decentralisation only under special circumstances as in Italy. It is a moot point whether increased State powers can achieve the same equilibrium in India. The first requirement of effective decentralisation, to me, seems to be the disowning of the rhetoric.



POLITICAL EDUCATION A SLOW PROCESS

The political education of any people must necessarily be slow, and local self-government of the British type could not at once take root in Indian soil. The Resolution of May 1882 itself laid stress on the impossibility of attempting to prescribe hard and fast rules of general application, and the actual organization subsequently developed in the various Provinces, with the assent of the Government of India, seems to us to show that the policy of 1882 could not be applied per saltum. We recognize, however, that much has already been done to carry out the objects which Lord Ripon had in view, and the added experience of a quarter of a century now renders it possible, we think, to attempt a further practical development of local self-government.

-Royal Commission Upon Decentralization in India, 1907-1909.

Decentralisation: Some Conceptual Issues

Mohit Bhattacharya

11 THE issue of decentralization", as Fesler puts it, "is more complex in concept and practice than is generally acknowledged." In this paepr, an attempt is being made to have some clarity about the concept of decentralisation.

CONCEPTUAL ASPECT

In organisation theory literature, decentralisation has been conceived basically as an aspect of intra-organisational differentiation.² A complex, large-scale organisation, meeting a dynamic 'task environment', seeks to adapt itself through segmentation and arrangement in self-sufficient clusters, each having its own domain.³ Decentralised divisions emerge as a consequence which are sometimes called product divisions or profit centres.

Decentralisation has also been approached from the point of view of organisational decision-making. Organisational complexity entails more numerous and quicker decisions to achieve efficiency. When speed assumes critical importance, decentralised decision-making is usually resorted to. It has been suggested that the degree of decentralisation is greater under the following conditions:

- (i) Greater number of decisions is made at lower levels of management;
- (ii) Decisions made at lower levels are important;
- (iii) Various organisational functions are more influenced by decisions made out at lower levels:
- (iv) There is less monitoring of decisions made by managerial personnel.⁴

¹James W. Fesler, "Approaches to the Understanding of Decentralization", *Journal of Politics*, XXVII, August, 1965.

²Paul R. Lawrence and Jay W. Lorsch, "Differentiation and Integration in Complex Organization", Administrative Science Quarterly, Vol. 12, June, 1967.

³James D. Thompson, *Organisations in Action*, McGraw-Hill Book Company, New York, 1967, p. 76.

⁴James L. Gibson, John M. Ivancevich and James H. Donnelly, Jr., Organizations: Structure, Processes, Behaviour, Business Publications, INC. Dallas, Texas, 1973, p. 138.

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Organisational decentralisation, thus conceived, manifests itself in territorial dispersion of units and delegation of authority. Field administration in the form of district and sub-divisional administration, for instance, represents decentralisation through territorial differentiation and dispersion. It is an integral part of state administration. Its peculiarity lies in its physical location away from the state headquarters to provide access to the client. Delegation of authority has naturally to accompany territorial dispersion of the governmental unit.

Theoretical knowledge about decentralisation in politics and organisational design has been greatly advanced by Kochen and Deutsch in their seminal paper entitled 'Toward a Rational Theory of Decentralization: Some Implications of a Mathematical Approach.'5

A functional theory of decentralisation, according to them, has to be related to organisational task performance and ultimate survival. Organisations depend critically on the feedback of information from the environment in order to ascertain the results of their actions and to take corrective measures. The issue of centralisation versus decentralisation has to be examined from the point of view of exchange of information and of things and persons with the environment. Kochen and Deutsch thus look at decentralisation as a problem in logistics. Decentralisation is rational or cost-effective if movement of messages, men and materials leads to successful task performance in relation to meeting the demands and pressures from the environment. To quote their observation, "For a functional theory of decentralization.... the social tasks to be performed are more important than the historical institutions which currently happen to perform them. Though institutions have a great deal of persistence and tend to protect their own survival, they nonetheless do change. Some of these changes tend toward greater or lesser decentralisation, and a functional analysis of the level of decentralisation most appropriate to their chief task is essential in order to evaluate rationally the actual changes which occur in response to technological or political pressures."

This formulation is palpably oriented towards operational effectiveness of organisations. It is a valuable contribution to theoretical knowledge no doubt; but the weakness of such an instrumental approach lies in its exclusive emphasis on functionality alone. Decentralisation has more than functional properture. It may reflect commitment to some kind of ethical and political value as well.

⁵Manfred Kochen and Karl W. Deutsch, "Toward a Rational Theory of Decentralization: Some Implications of Mathematical Approach, *American Political Science Review*, 63, 1969, pp. 734-49.

To return to organisation theory, decentralisation has generally been conceived as a means to organisational efficiency in limited circumstances of complexity and scale. Its essence has been deconcentration or decongestion of the headquarters unit.

In political science and public administration decentralisation has been discussed basically from the view point of arrangement of government. The different approaches to the concept have been clearly and profoundly presented by Fesler.⁶ Following his classification, the approaches can be grouped into four categories: the doctrinal, the political, the administrative and the dual-role.

The doctrinal approach seeks to transform decentralisation as an end in itself through a process of 'romantic idealisation'. The Gandhian concept of 'concentric circle' of power distribution and the idealisation of village community in panchayati raj have reduced decentralisation almost to a dogma and as an article of faith. Instead of treating decentralisation as a means to the achievement of some end-values, such idealisation tends to elevate it to the status of a hardened doctrine.

The political approach underscores the essentially political character of decentralisation. Initiatives to decentralise, and willingness to pass on powers and functions to decentralised units, and to allow these units to actually operate within a framework of autonomy, are politically determined. Creation of field units of government, away from central headquarters, exemplified deconcentration. Decentralisation in the shape of devolution to local selfgoverning bodies marks an attempt to set up autonomous governments at the level of the locality. Field units of government like district administration are the long arms of the central (state) government and do not pose problems of organisational discontinuity whereas local self-governing bodies that are elected locally to determine local policies and implement them are, in a fundamental way, detached from the central (state) government. To create and maintain local government is thus a major political commitment. In the absence of such commitment, devolution to sub-national governments, including local self-governing bodies, will remain more in law than in practice. This leads to what Fesler has called 'illusory decentralization'. Both panchayati raj and municipal government in India represent to a considerable extent this sort of facade devolution.

The administrative approach to decentralisation is motivated by efficiency criterion. Enhancement of administrative rationality becomes the desideratum. When field administrative units are set up through a process of

⁶James W. Fesler, op. cit.

deconcentration, the measure is considered appropriate for field level decision-making and prompt problem-solving. In this process, administrative units might come up at many levels between the locality and the central (state) headquarters. With more and more demand for specialised functions, multiplicity of functional departments would appear at the field level. The administrative situation gradually presents a picture of polarisation between general area-based administrative demands and specific function-centred claims of particular functional departments. Currently, district administration in India is faced with this problem of area-function duality. Decentralisation in administrative terms may not therefore always guarantee 'clarity of authority and orderliness of operations'. To promote such operational principles conscious attempts are needed to readjust from time to time the conflicting claims of area and functions in deconcentrated field administration.

Finally, the dual-role approach, as Fesler puts it, is a kind of rehearsal of the area-function dichotomy in a new setting. Decentralisation is placed within a larger context of development and change, as distinguished from maintenance of status quo. Conceived in administrative terms, the dual-role approach seeks to highlight the conflict in field administration between tradition and change. Most field administrative systems were evolved in an earlier era mainly to maintain the established order, to collect revenue and to keep things from going wrong. Almost all the developing countries that have inherited the colonial field system are seeking to bring about speedy social and economic change. The functions of field administration have changed radically as a consequence. To quote Fesler, "The intent is to change established ways of doing things so as to carry economic and social development forward rapidly. This contrasts with the status quo orientation of a field system geared to maintenance of the established order and may conflict with the personal orientation of field generalists so chosen and trained as to identify themselves with the classes, families, and other groups who constitute the 'estab-/ lishment'." Resolution of conflict between two different orientations in field administration calls for adaptation of decentralisation to changing circumstances. The theme is not unfamiliar to Indian administration in general and to district administration in particular.

Fesler's penetrating analysis of the concept basically points towards the political and administrative aspects of decentralisation. Lately, the issues surrounding the concept have been reopened for another spate of re-examination.

NEW DISPENSATION

The current debate on decentralisation reflects to some extent the *relics* of past discussions. Also, there are fragments of new imagination that need to be carefully understood.

The latest thinking on the subject veers around power equalisation and participation. Organisation theory and political science which did not meet very often in the past have now almost come together in explicating the concept of decentralisation concertedly. The concern in organisation theory is increasingly about individual welfare which is considered feasible and desirable through participative management. In political science, decentralisation reappears as a means to the achievement of a more participative democracy that goes beyond traditional electoral methods of intermittent representation.

The value being maximised via organisation theory is individual employee's 'health'; whereas the value being maximised via political science is redistributive politics as a means to community and citizen political 'health'.

Contemporary thinking on decentralisation can be looked at from three angles. *First*, it is thought of as a means to spiritual enrichment and growth of the individual both as worker and citizen. Decentralisation offers opportunity to participate in decision-making. For an individual, it is an aid to the growth and development of personality.

Second, decentralisation has an instrumental value as a means to improving performance of organisations. Public administration is related to the operational aspects of government. The operations are better done through decentralisation which provides access to local information and data and creates conditions for local popular support to administrative actions. Administration is opened up in a decentralised system, as it no longer remains a secretive operation of proud specialists.

Third, the current thinking, very importantly, reflects a paradigmatic shift in public administration as a discipline. The bureaucratic model which has so long dominated the field seems inadequate to explain the contemporary politico-administrative situation. As Thompson pointed out, the Weberian formulation has no concern for the client. As an inward-looking mechanistic construct, it has set up an organisational model without reference to the catchment area of the organisation that determines its locus standi. The decentralisation-participation debate introduces a new perspective in public administration and calls for its reconstruction.

The 'new dispensation', just discussed, has both normative and operational components. Beyond this, the decentralisation issue raises the question of debureaucratisation of organisations and initiates a search for alternatives to bureaucracy.

⁷James D. Thompson, "Organizations and Output Transactions" in Elihu Katz and Brenda Danet (eds.), *Bureaucracy and the Public*, Basic Books, Inc., Publishers, New York, 1973.

⁸See, in this connection, the *Special Issue of Public Administration Review*, Volume XXXII, October, 1972.

A Note on Decentralisation in Administration

S. Jambunathan

ADMINISTRATION in any organisation, to be effective and to justify its existence, has to show results—results which contribute towards the attainment of the objectives of the organisation. It may be that in spite of the best efforts of the administration, there is failure in achieving the objectives because of environmental and external constraints and happenings which could not be foreseen or prevented. However, to the extent that the resources available within the organisation are not utilised properly and/or to the extent that the authority vested at various levels of the administration is not exercised in time and adequately, leading to a shortfall in achieving results, it should be termed as a failure on the part of the administration or rather a failure on the part of the organisation itself in not organising the proper placing of authority and entrustment of responsibility at appropriate levels.

IMPORTANCE OF DELEGATION

This analysis becomes very relevant and important in the context of the all-too-familiar phenomenon of explaining failures and shortages on external considerations; whereas very often the blame lies within the organisation itself, viz., too much of centralisation of authority and absence of fixing of proper and specific responsibilities at various levels along with transfer of commensurate authority to discharge the obligations entrusted at those levels.

Authorities at various levels often complain about lack of adequate power; however, when it comes to a question of delegating to the subordinate individuals or subordinate groups, there is always a reluctance to part with authority partly because of a sense of insecurity and also partly because of lack of faith or confidence in the competence or at times even the dependability of the subordinates. This is tragic because no organisation can thrive or show results unless authoritarianism is replaced by team work in which the superiors at all levels play the role of a leader taking into confidence all the subordinates, giving them adequate authority and resources and expecting them to show result within their sectors of responsibility. Such a situation

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arises because a manager is still responsible to his own boss for the results of delegated decisions; it was his decision to delegate, both in terms of the extent of delegation and also to the levels to which the delegations were made, and the follow-up or monitoring he is supposed to have done.

Delegation to be successful should be planned in a realistic and thorough manner. It should clearly specify the limits of authority which cannot be exceeded by the delegated authority. It should also simultaneously be followed by adequate transfer of resources in terms of staff, finances and equipment. The tendency or, shall I say, the temptation to interfere with the delegated authority on the pretext that the superior is still responsible for the results of the delegated authority should be resisted and replaced by a judicious and imaginative system of reporting, monitoring and continuous dialogue with the team

In every office or organisation there must be a clearly defined organisational chart along with a well defined set of rules and office orders specifying the functions and authorities delegated at various levels. Along with this, in pursuance of the objectives of the organisation, the key result areas should be identified at various levels (which should be decided not unilaterally but after a thorough dialogue within the team). A periodical review should be taken to determine the extent of effectiveness of this system and changes introduced willingly and consciously whenever mistakes or inadequacies surface up. In other words, there is no finality with regard to the subject of delegation within an office organisation, but it is a continuous process.

So far as big organisations or governmental machineries are concerned the subject assumes much bigger importance, in that, what is required is a system of bold decentralisation which means nothing but the extent to which authority is delegated to various levels throughout the organisation. Too much centralisation should be avoided in favour of the maximum degree of delegation compatible with efficient decision-making. By this means, the organisation achieves greater flexibility; the subordinates develop decision-making skills and there is more of commitment throughout the organisation in achieving the objectives.

EXPERIENCE OF PANCHAYATI RAJ

The example and experiences of panchayati raj throughout the country after the failure of the community development programme is well known. Not much could be done so long as the entire local sector development was planned and implemented from the State capitals. But once the three tier system of panchayati raj was introduced and adequate resources and staff

were transferred to them statutorily by the government, the effects were much more concrete. What is more, a local leadership has emerged, which, as it gathers more experience and training, is able to put these transferred resources and authority to better and more effective use in the interest of the community, being close to the field and to the problems faced by the public. In short, the decision-making process gets accelerated. Mistakes in taking decisions or in implementing them are also detected and taken cognisance of much earlier and corrective steps taken simultaneously. All these are the happy by-products of decentralisation. Whatever may be the criticism or inadequacies of panchayati raj, nobody will venture to suggest returning to the old days when everything was planned and implemented departmentally from the State capital.

Another example of successful decentralisation is the introduction of the regional set-up in the Maharashtra State Road Transport Corporation, With a fleet of more than 7,000 buses, 50,000 labour and a total coverage of the entire rural Maharashtra there was too much of pressure and concentration of authority and responsibility at Bombay (headquarters), both at the board level, at the level of the chief executive and at the level of the various heads of departments. A committee went into the whole question and after critically examining its recommendations the Maharashtra State Road Transport Corporation took a very bold decision in setting up functional units of regional managers, assisted by a team of technical officers at the four regional headquarters, to whom as a team and also individually, substantial authority (both financial and administrative) was delegated by the board and by the chief executive. Many of the powers of the board were delegated to the team of officers at the regional set-up; while many of the powers of the chief executive and the heads of departments were individually delegated to their respective counterparts at the regional level. Experience shows that this has yielded very satisfactory results in terms of better traffic planning, speedier attention to the problems of the travelling public, better control on inventory and stores management, reduction in breakdowns and off-road vehicles. Lastly, the profitability of the organisation as a whole has registered a significant and happy improvement.

CRISIS MANAGEMENT

In terms of 'crisis' management there is no substitute for decentralisation. Whether it is the management of relief works following any earthquake or the management of the gigantic relief work, at the time of the unprecedented scarcity in 1972-74, it is the thorough planning at government level followed by substantial delegation of authority to the district and taluk authorities that resulted in tackling this tragedy so successfully. Decisions were taken

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on the spot and implemented without any need for sanction or approval from higher authorities. It is this that led to the saving of the situation.

To conclude, it must be remembered that decentralisation is not an end by itself. It is only a technique. Its success depends on careful planning of details at higher levels and a conscious commitment to delegate and not to interfere thereafter, adequate transfer of staff and resources, and a constant dialogue within the organisation and careful monitoring. The whole idea is that it is not a rigid formula but a continuous process of give and take, of finding out the shortfalls and loopholes, plugging them effectively, using the most important resource, viz., the man in the organisation whose decision-making skill has to be perfected to show results.

DIVISION OF DECISION-MAKING

The division of decision-making authorities or responsibilities is part of a system of differentiation. For the administrative system of a government as a whole, the major problem of division of decisionmaking authorities concerns centralization and decentralization. At the first stage of nation building....the strengthening of the national authority at the centre is essential in most cases. Political, economic and social development must be planned and directed from the centre. Adequate concentration of development functions in the hands of the central government would be necessary for expediting development. However, at a certain stage of development, in view of the magnitude and complexity of development functions, it is no longer possible for the central government to direct and take charge of everything. Its administrative capability and performance would suffer if its reach were to exceed its grasp. Once that stage has been reached, the central government must take steps to decentralize, allocating more power to lower levels of government (for example, to state or provincial governments and local governments) and/or delegating authority to autonomous bodies (for example, to a public enterprise, a regulatory mechanism or an ad hoc body). In fact, the more the central government decentralizes, the more it can concentrate its attention on the matters of primary significance and high priority, and the better its capability to control and direct.

—Development Administration United Nations, 1975.

Decentralisation Strategy for Nation Building and Development—The Tanzanian Approach*

D. D. Malhotra

GOVERNMENTS in developing countries are called upon to evolve development strategies and viable organisational forms under the pressure of conflicting priorities. In order to survive as nations, they have not only to protect themselves against external aggression and internal forces of disintegration, they have also to seek a delicate balance between rapid social change and stability where the bases of social stability are themselves the target of social change. They have to promote economic growth with social justice. They seek to build their political system based on rational and secular authority, but they cannot do so unless they simultaneously establish new channels of social and political processes through which authority can be legitimised. Rising expectations, inadequate resources to meet even the bare minimum needs, increasing awareness of the conditions and causes of widening disparity between 'affluence' and 'poverty', test the capacity of the political system for conflict management.

In African countries, the primary choice in the form of organisation—political and administrative—suitable for conflict management and stability, and which can be viable for development, is heavily conditioned by their environment. They are called upon to manage highly segmented political systems. State boundaries were determined arbitrarily by the colonial powers in accordance with their economic needs and the settlement reached amongst them in Europe. Societies and tribes were split in the process. Each country consists of several tribes, speaking several languages and, in a few cases, the tribes are historically hostile to each other. Politicisation along ethnic lines and the strategic efficacy of the politicised ethnicity in making claims on resources in a competitive political system, have, in the past, perpetuated the communal divisions in society as the elite find it "relatively easy to induce the lower strata of any given ethnic group to interpret the essence of backwardness as being the result of a zero-sum game over distribution of resources

^{*}This paper is based on data collected by the author during 1975-77 when he was in Tanzania with the Institute of Development Management, Mzumbe.

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played out between tribes". In the absence of appropriate social organisations and a common cultural heritage, building solidarity to statehood amongst the various segments, the governments in the new states of Africa often find state authority and state institutions as the main instruments of ensuring stability. To extend this authority they have often resorted to "contain and to reduce participation as a means of enhancing the powers of the centre in general and of the existing regimes in particular". 2 Participation is reduced through a series of measures such as abolition of federal structure, abolition or reduction in the powers of legislative bodies, traditional authorities, local bodies, etc., and banning of all political parties or opposite parties where single party system exists. To increase the scope of control, the coercive capability of the centre is sought to be enhanced by strengthening bureaucracy—civil and military—both in number and in their equipment. Further, in a single party system, the executive power of the head of the state is attempted to be strengthened by interlocking of positions at various strategic levels of the party and the government on one hand and by fusion of party, interest associations (such as labour organisations, agricultural cooperatives, farmers' associations) and social organisations (such as parents' associations, youth organisations, and women's groups, etc.) on the other. Such interlocking and fusion provide the centre with 'transmission belts' for purposes of political penetration³ and control of the periphery.⁴

It is not surprising therefore to find that out of the 48 countries which are members of Organisation for African Unity, 16 are under military governments, 27 under single-party system while two are under absolute monarchy. With the exception of three (Egypt, Ethiopia and Liberia), all are ex-colonies and most of them were multi-party democracies at the time of their independence. At present multi-party democracy has survived only in three, *i.e.*, Botswana, Mauritius and the Gambia. Thus the single party system and military regime are the most prevalent organisational forms. Both these forms have, however, an in-built tendency towards political and administrative centralisation and monocratisation arising out of the centre's need to

¹John S. Saul, "The Unsteady State: Uganda, Obote and General Amin", Review of African Political Economy, 5, 1976, p. 18.

²James S. Coleman, "The Concept of political Penetration", in L. Cliffe, J.S. Coleman, M.R. Doornbos, *Government and Rural Development in East Africa: Essays on Political Penetration*, Vol. II, The Hague, Martinus Nijhoff, 1977, p. 11.

⁸Political penetration as a concept is increasingly being used to analyse political development. "It is an heuristic concept aggregating that ensemble of processes by which the political-administrative-juridical centre of a new state (1) establishes an effective and authoritative central presence throughout its geographical and sectoral peripheries, and (2) acquire a capacity for the extraction and mobilization of resources to implement its policies and pursue its goals, however these may be determined." James S. Coleman, *ibid.*, p. 3.

⁴A summary of the trends in state formation which emerge out of Kasfir's analysis appears in James S. Coleman, *ibid.*, p. 11-12.

extend the authority of the state to the periphery. On the other hand people's participation in development requires greater decentralisation in the conduct of government, particularly in the segmented societies. The simultaneous existence of forces for and against centralisation poses a dilemma before the new African states in evolving a political and administrative structure which can strike an optimum balance between the two and serve the needs of nation-building and development. In this article, an attempt has been made to highlight the dynamics of these two opposite forces and the decentralisation strategy adopted in Tanzania* in order to secure the vital balance.

BACKGROUND TO DECENTRALISATION IN TANZANIA

At the time of independence in 1961, Tanzania had a population of 10 million comprising of 120 tribes spread over an area of 361,800 sq. miles. It was rated as one of the most underdeveloped British colonies with a per capita income of £ 19.6. Over 90 per cent of the population lived in rural areas and was engaged in subsistence agriculture. It had its share of intertribal hostilities but they were essentially local and did not require deployment of force on any large scale. Nor was there any powerfully organised tribe that could dominate others and take over the instrument of power.

In the elections of August 1960, the TANU party, 5 led by Julius Nyerere, won all but one of the seventy-one seats in the National Assembly; thus Tanzania emerged as a single party regime even before independence. The free Tanzania's constitution provided for a British pattern of parliamentary government for a unitary type of state. In December 1962, when Tanzania became a republic, it altered the political system. The office of the president became the centre of power with both nominal and executive authority. The prime minister and other ministers were to be members of parliament but were appointed by the president who was directly elected by the people. Subsequently, competitive politics was removed from the election of the president by requiring the electorate to express their approval or disapproval of a candidate offered by the party. The number of nominated (by the president) and ex officio (by virtue of the office to which they have been appointed by the president) members in parliament has increased and roughly equals the number of elected members. Every five year, parliamentary elections have been held and each constituency is given a choice to elect one of the two candidates offered by the party. In 1965, two cabinet ministers, 6 junior ministers and approximately one-third sitting members were defeated in the election. The same pattern has been repeated in the subsequent elections. Despite the interest

⁵Tanganyika African National Union.

^{*} While Tanzania is a union of two states, Tanganyika and Zanzibar, the coverage in this article is the mainland, i.e., the erstwhile 'Tanganyika' part of the union.

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in parliamentary elections, the status and powers of the parliament have declined.

TANU was not strong organisationally even though it had succeeded in developing a capacity for mass mobilisation before independence through a network of coalitions and linkages with scattered local groups. It was more a product of a movement which derived its strength from the voluntary support given to it by the people in their drive for independence. The crucial role by Nyerere as TANU's leader gave it the capacity to achieve national unity before sharply differentiated and competitive political, social and economic interests and groups could emerge. After independence, the party has been moulded and used to prevent the emergence of such interests and groups. Its role was outlined by President Nyerere in early 1962 when he called for

"a strong political organisation in every village which acts like a two-way all-weather road along which the purposes, plans, and problems of the Government can travel to the people at the same time as the ideas, desires, and misunderstandings of the people can travel direct to Government. This is the job of new TANU."

Further, he ruled out multi-party system of western countries on the ground that:

- "(a) a new state requires the combined efforts of all in building a unified nation and in maximizing economic and social development;
- (b) traditional African cultural attitudes and communal practices favour decision by consensus; and
- (c) multi-party systems themselves are either artificial luxuries which tend to make government into a game, or they are perversions of true democracy in that they represent and solidify class divisions and inequalities rather than eliminating them."8

Thus TANU was expected to be a cementing force in local and tribal conflicts. As a social institution, it was expected to raise the level of awareness of the masses by organising campaigns, etc., motivate the people for change and mobilise their energies for development. As a political institution, TANU

⁶See Heny Bienen, *Tanzania: Party Transformation and Economic Development*, Princeton, N.J., Princeton University Press, 1967.

⁷Julius Nyerere, press conference, *Tanganyika Standard*, 23 Jan. 1962 quoted in G. Andrew, Magiure, *Toward 'Uhuru' in Tanzania: The Policies of Participation*, Cambridge Commonwealth Series, Cambridge, University Press, 1969, p. 362, ⁸*Ibid.*, 361.

was accorded supremacy over government and was developed as an instrument for political penetration. The Interim Constitution of 1965 formally declared Tanzania as a single-party state in which the party (TANU on the mainland and ASP in Zanzibar) was declared supreme and its (TANU) constitution became the integral part of the state constitution. In fact, right from 1962, a series of steps had been taken to ensure a *de facto* conversion of a single-party regime to a single-party state.

Administratively, at the time of independence, Tanzania was divided into 9 provinces and 57 districts. The district was the basic unit of administration and its boundaries followed well-defined tribal areas. Based on tribal divisions, each district had a dominant tribal group. Each province and district was headed by a commissioner who was the chief representative of the central government in the area. Since the governmental activities were very limited, the commissioners were given only administrative support by providing the administrative officers. Very largely, the conduct of local affairs was left to 'native authorities' who were made responsible to keep peace in the area, collect revenues, enforce governmental regulations and provide limited social services. It was only during the last decade of the colonial rule, when the pace of development increased, that the extended activities of the central departments and their increasing specialisation, brought a few technical officers on the regional and district scene. Even though the commissioners were given the authority to direct and coordinate the activities of the central departments within their area of jurisdiction, their authority did not extend to interference with the departmental policies and instructions. No clear pattern of relationship emerged amongst the various functionaries at the regional and district level. However, the scope for tension was reduced; communication was facilitated by the fact that the commissioners and the various heads of departments operating at the same level were all civil servants belonging to the same service and that about 85 per cent senior and middle level officers were expatriate.

There were two types of local government: urban and rural. Eleven urban and six rural councils, established under the local government ordinance, were representative bodies. More than fifty other rural councils set up under the native authorities ordinance had evolved around the native authority system in which either the chief or the other rulers were advised by a semi-representative council. Also, sometimes, they jointly exercised the functions of the native authorities.

Democratisation of local bodies proceeded at a rapid pace during the first year of independence. The native authority system was abolished and was replaced by popularly elected district councils whose jurisdiction excluded urban local bodies within their area. The initial thrust of administrative reorganisation at regional and district level was motivated by three important

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interrelated considerations: (i) to give the administration a 'local look' and reduce the gap between the administration and the masses, (ii) integration of the party and government structure, and (iii) rural development. The nine provinces were split into 17 regions. The key posts of provincial and district commissioners were redesignated as regional and area commissioners, respectively, and were given to political appointees. They were appointed by the president to act as his representatives in their respective areas. The judiciary was separated from the executive and the courts at levels became a part of the independent judiciary. The regional commissioner (RC) became an ex officio member of parliament and also ex officio regional TANU secretary. The area commissioner (AC) was made ex officio district TANU secretary. To help the commissioners in administrative matters, the regional administrative secretary and area secretary were appointed. The interlocking of party and government positions at the commissioners' level ensured better control over both the party and the administration. It was intended to increase the mobilisation capacity of both the institutions and, in particular, to enhance the centre's capacity for political penetration through the party to which the government's resources became available by this arrangement.

For rural development, in 1962, the ministry of community development installed a new planning process. Village development committees, largely comprising of people's representatives, were set up for drawing up plans for village development and for mobilising resources available locally to implement these plans. Essentially such plans were specific projects and the committees were required to indicate the extent of 'self-help' by way of 'unskilled' and 'semi-skilled' labour and other material resources that would be available locally. The plans were then submitted to district development committees (DDC), initially comprising of heads of departments of central ministries and later expanded to give two-third is of its membership to elected members of the district council. In fact, it became a committee of the district council. The district council was made responsible for planning of development within the district. Its plans were submitted to the regional development committee, comprising the departmental heads of the various ministries at the regional level for approval and for recommending specific projects to the ministry of community development for assistance.

None of these measures, however, resulted in decentralisation either in the shape deconcentration of the administrative powers of the central ministries or in the devolution of powers to the newly constituted district councils or village development committees. These local bodies were financially poor and short of manpower and thus they could not give life to the planning process. On the contrary, the centralisation tendencies increased enormously due to the Africanisation policy and the loose organisational structure of administration at the regional and district levels. Africanisation led to the

exodus of expatriate civil servants and forced the posting of the available experienced African officials at the national level, leaving the regional and district levels to be manned by persons without the skills commensurate with their new responsibilities. The increase in the number of regions and the expansion of administration at the regional and district levels by increasing the number of officials representing various ministries, with no training or experience, considerably reduced administrative capacity to provide the necessary planning, coordination and execution inputs for the purpose of giving shape to the energies released in the mobilisation process. Another factor which continued to adversely affect the administrative capacity till the Decentralisation Act was enforced in July 1972 was the structure of regional and district administration. While the planning process installed for rural development required the active coordination of the various officials of the central ministries located at these levels, the effective authority necessary to achieve it did not exist either in the the commissioners or in the development committees. The commissioner had no power over the expenditure of the ministries in his region. The main channels of command and communication were vertical, i.e., between the ministries and their respective regional and district heads. The combined effect of the fragmented organisation structure and manpower shortage was that it promoted centralisation of decision making. Officials were more keen to implement the plan and projects initiated by their respective ministries than those emerging out of the formally prescribed planning process for rural development by the ministry of community development. The failure to match the administrative capacity with the mobilisation capacity of the fused party-administrative structure at the regional and district levels was promoting discontent. To contain it, the same system began using authoritarian style and practice, contrary to the party's proclaimed policies and ethics in the conduct of government. The vastness of the country with its poor means of communication, the centralisation of decision-making and authoritarianism at local levels could hardly be conducive to the effectiveness of participatory structures. Instead, these factors were increasing the credibility gap between the people and the party and the government.

The national policy regarding rural development was in no way helping in the evolution of regional and district administration as a viable developmental organisation for that purpose. With the adoption of the first five year development plan in 1965, Tanzania opted for rural development through the 'transformation approach' and industrialisation. Both these strategies required

⁹ 'Transformation approach' recommended by World Bank in 1968 aimed at transforming the peasants and agricultural practices through special schemes with heavy capital and technological inputs. This approach was earlier attempted by the British in Tanzania (see Groundnut Experiment) but without success. In contrast, 'Improvement Approach' meant increasing agricultural extension efforts aimed at encouraging and educating the peasants to greater productivity on his own existing, largely subsistence holding.

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heavy investment of capital and it was assumed that not less than 80 per cent of the capital development expenditure of the government would be met out of foreign aid. A village settlement agency was set up to undertake rural development through the 'transformation approach'. Considerable capital was invested on a few central projects while depriving the resources to regional and district administration for their rural development efforts. The policy of non-alignment suddenly deprived the country of the flow of anticipated foreign aid. It was also becoming evident that the 'transformation approach' had failed as a strategy for rural development.

It was under these circumstances that President Nyerere laid the famous statement before the TANU meeting in January 1967 at Arusha and which emerged as the historic Arusha Declaration. To It laid the foundation for Tanzanian 'ideology' of socialism and self-reliance. The following excerpts from the Declaration indicate the strategies which whould be adopted in future:

The development of a country is brought by people, not by money and the wealth it represents is the result and not the basis of development. The four prerequisites of development are different: they are (i) people, (ii) land, (iii) good policies, and (iv) good leadership. Our country has more than ten million people and its area is more than 362,000 sq. miles....

Everybody wants development; but not everybody understands and accepts the basic requirement for development. The biggest requirement is hard work. Let us go to the villages and talk to our people and see whether or not it is possible for them to work harder....

We would be doing something very beneficial to our country if we went to villages and told our people that they hold this key (energies) treasure and that it is upto them to use it for their own benefit and the benefit of our Nation....

What we are saying, however, is that from now on we shall know what is the foundation and what is the fruit of development. Between money and people it is obvious that the people and their hard work are the foundation of development....Industries will come and money will come, but their foundation is the people, and their hardwork, especially agriculture. This is the meaning of self-reliance.

¹⁰ The United Republic of Tanzania, Arusha Declaration, Dar-es-Salaam, The Government Printer; 1967 see also Julius K. Nyerere, "The Arusha Declaration and TANU's Policy of Socialism and Self-reliance" in Irving Leonard Morkovitz (ed.), "African Politics and Society, Basic Issues and Problems of Government and Development, New York, The Free Press. 1970, pp. 266-276.

¹¹For further elaboration of Tanzanian ideology see John R. Nellis, A Theory of Ideology: The Tanzanian Example, Nairobi, Oxford University Press, 1972.

Regarding socialism, President Nyerere argued:

"Socialism is a way of life, and a socialist society cannot simply come into existence. A socialist society can only be built by those who believe in and who themselves practice the principles of socialism. A committed TANU member will be a socialist.... The first duty of a TANU member and especially of TANU leader is to accept these socialist principles and to live his own life in accordance with them. In particular, a genuine TANU leader will not live off the sweat of another man nor commit any feudalistic or capitalist actions.

"The successful implementation of socialist objective depends very much upon leaders, because socialism is a belief in a particular system of living, and it is difficult for leaders to promote its growth if they do not themselves accept it."

One can see in these statements an attempt to articulate an intimate relationship between 'socialism', 'self-reliance' and 'rural development' each constituting an end as well as a means for the other. But unless there is prior conception of the design of the new rural society to be built, 'socialism' and 'self-reliance' could hardly guide the emergence of coherent state policies and actions in rural development. In a series of speeches, ¹² President Nyerere gave the shape and content to this design. Rural development must strive to build *ujamaa* villages which should have the following social and economic characteristics of traditional extended kinship group:

- "(a) mutual respect by each member of the kinship group. This involved a recognition of mutual involvement in all activities, which was governed by rights and obligations fixed for all individuals;
- (b) the material goods of the group, such as land and other resources, were held in common and this prevented the development of economic differentiation;
- (c) there was an obligation on all members to work, that is, to contribute to the collective welfare of the group."13

By idealising these values of traditional society (which in fact operated within a small kinship group), the concept of *ujamaa* village sought the

¹²Julius K. Nyerere, Socialism and Rural Development, Dar-es-Salaam, The Government Printer, 1967, see also Julius K. Nyerere, Principles and Development, Dar-es-Salaam, Printpak (Tanzania) Ltd.

¹³David Feldman, "The Economics of Ideology: Some Problem of Achieving Rural Socialism in Tanzania", in Colin Leys (ed.), *Politics and Change in Developing Countries*, Cambridge, The University Press (1969), p. 88, and also see Nyerere, *Socialism and Rural Development*, op. cit., pp. 1-2.

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wider acceptance of the rural population who could easily understand it by relating it to their local environments. The ujamaa village as the base of rural development laid the firm direction to state policies which expects that, as an economic institution, the ujamaa village will be a cooperative, operating in a manner that will prevent class differentiation while producing surpluses. As a political institution it will constitute local government and act as an effective instrument of political penetration. As a social institution it will retain and reinforce the traditional communal ethics without fostering the traditional values of 'particularism' and will act as a main vehicle of social change. Behavioural alteration is the key to such a massive social transformation and this could not be directed and controlled through the state's instruments of force (including administrative system), firstly because President Nyerere was firmly opposed to the use of force and he strongly believed that it would be counter productive; secondly, because the manpower, material and physical resources needed for the use of such force did not exist in Tanzania. It was, therefore, necessary to evolve a package of measures which had the elements of motivation, education, direction and control. This package was delivered by the 'ideology' formulated under the Arusha Declaration and its subsequent elaboration in the writings of President Nyerere. A series of measures were adopted to ensure the emergence of a new social and political culture by way of defining acceptable behaviour. The leadership code bccame an integral part of the Declaration. The code laid down the qualifications for leadership positions in the government, the party and the parastatal organisations. Subsequently, the leadership code became a part of the service conditions of all employees in government and parastatals. The banks, the 'commanding heights of industry', wholesale trade and commerce were nationalised. The education system was overhauled and brought in line with the needs of rural development. 'Political education' became a compulsory subject at every level of education and training programme. Employment in government sector and admission to institutions of higher learning (including the university of Dar-es-Salaam) were subjected to the scruitiny of the party. Kivukoni College, the party's ideological centre, was made responsible for the intensive political education of the senior party government and parastatal officials. To prevent the resort to authoritarian style and practices, the TANU guidelines (Mwongozo) of 1971 laid down that:

"Para 15. Together with the issue of involving the people in solving their problems, there is also the question of the habits of leaders in their work and in day-to-day life.

"There must be a deliberate effort to build equality between the leaders and those they lead. For a Tanzania leader it must be forbidden to be arrogant, extravagant, contemptuous and oppressive. The Tanzania leader has to be a person who respects people, scorns ostentation and who is not a tyrant. "Para 28. ... If development is to benefit people, the people must participate in considering, planning and implementing their development plan.

"The duty of the Party is not to urge the people to implement plans which have been decided upon by a few experts or leaders. The duty of our Party is to ensure that leaders and experts implement the plans that have been agreed upon by the people themselves. When the people's decision requires information which is only available to the leaders and the experts, it will be the duty of leaders and experts to make such information available to the people. But it is not correct for leaders and experts to usurp the people's right to decide on an issue just because they have the expertise."

In the Arusha Declaration and the subsequent measures mentioned above, one can see an identification and pursuit of not only a rural development strategy but also an attempt to evolve a behavioural profile of a new civic culture compatible with it and capable of generating nationalist-oriented political and developmental activities. The role of the participatory and administrative structures at the regional and district levels was required to be reviewed in the light of the changes sought by the regime. Apart from the interlocking of the strategic positions of the party and the administrative structures at regional and district levels, the officials at all levels had become TANU members and were covered by the TANU constitution, the leadership code and, the TANU guidelines of 1971. They were the beneficiaries of the party because without its recommendations they would have neither got free education nor government employment. Apart from this, they had been subjected to vigourous political education. Any structure of political participation cannot leave out this section of well-articulated political actors just because they are civil servants. It is not, therefore, surprising that even though regional commissioners and area commissioners are political appointees. quite a number of them had been and are with civil service background. The civil servants are also allowed to contest parliamentary elections.

SHAPE AND CONTENT OF DECENTRALISATION

There was a recognition, after the Arusha Declaration, that the machinery of government at regional and district level needed to be recast in order to be a fit instrument for implementing the rural development strategy. President Nyerere highlighted the benefits of decentralisation in September 1967 and the Presidential Circular (1/68) on 'Decentralisation of Regional Development Fund' emphasised the impracticability of centralised decision-making in the new context. In his speech at the TANU conference at the time of launching of the second five year development plan in May

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1969 he stressed that "decentralisation is important in 'planning and administration at regional and local levels', particularly 'local coordination', but with a view to enhancing 'local initiative and democratic control." In June 1969, the Pratt Commission was appointed to look into decentralisation and recommend administrative structures to promote development. The Pratt Commission Report was never published. Instead, an American firm of consultants, Mckensey & Co., was invited in mid-1970 to look into decentralisation. Their team of management consultants laid down the blue print of decentralisation, which was announced in 1972, but they were also engaged in implementation till 1975. They organised seminars (training courses) and prepared management manuals to facilitate implementation.

In his proposal on 'decentralisation' sent to the TANU national executive committee in May 1972, President Nyerere pointed out:

"The purpose of both the Arusha Declaration and Mwongozo (TANU guidelines of 1971) was to give the people power over their own lives and their own development. We have made a great progress in seizing power from the hands of capitalists and traditionalists, but we must face the fact that, to the mass of the people, power is still something wielded by others, even if on their behalf. Thus it has gradually become obvious that in order to make a reality of our policies of socialism and self-reliance, the planning and control of development policy of this country must be exercised at local level to a much greater extent than at present." ¹⁵

Based on these proposals, the Decentralisation of Government Administration Act of 1972 was passed and was enforced with effect from July 1972. It was described as a major organisational surgery. The changes sought in organisation structure and operating procedures were based on the following four major concepts on how rural development should be managed:

- "(i) rural development should be managed in the region;
- (ii) rural development should be coordinated centrally;
- (iii) involvement of people is essential to the success of rural development programmes;

¹⁴The United Republic of Tanzania, Tanzania Second Five-Year Plan for Economic and Social Development, 1969-74.

¹⁵Julius K. Nyerere, *Decentralisation*, Ministry of Information and Broadcastings, Dares-Salaam, Government Printer, 1972, p. 1. The text of the paper on 'Decentralisation' also appeared in *Daily News*, 17 May 1972.

(iv) rural development should be effectively planned and controlled."16

The Decentralisation Act and the subsequent presidential implementation committee's papers and staff circulars issued to define the new structure and operating procedures of the regional and district administration introduced the following changes:

- 1. Regional and district administration ceased to be a collection of ministerial representatives. The working of the central development ministries was decentralised and their officers at the regional and district levels were integrated into a single development and administrative unit named regional development directorate at the regional level and district development directorate at the district level. While the regional development directorate was declared as a department of the government, the district development directorate was given the status of a division of the regional development directorate.
- 2. The regional development directors (RDDs) and the district development directors (DDDs) were appointed to replace the administrative secretaries and area secretaries, respectively. While the secretaries extended only administrative support to their respective commissioners, the development directors were made administrative heads of their respective directorates. The RDDs were given the status of principal secretary of a ministry and were declared as the accounting officers of their regions.
- 3. The RDD and DDD were made responsible to the regional commissioner (RC) and the area commissioner (AC) respectively for all development activities within their respective jurisdiction. The relationship between the commissioners and the development directors was defined as 'the same that exists between the minister and the principal secretary'.
- 4. The broad functions of the development directorate were laid down as below:
 - "(a) to initiate and develop annual plans that meet national objectives as well as the social and economic need of the regions:
 - (b) to prepare implementation plans and to establish specific targets to be achieved;
 - (c) to direct and supervise all staff in the regions in the implementation of agreed development programmes;

¹⁶Presidential Implementation Committee's paper on "Organisational Structure and Administrative Machinery for Managing Rural Development" (mimeographed).

- (d) to ensure that the participation of the local people in the development of the regions is obtained at all times;
- (e) to seek resources, technical assistance and support services required for the agreed and approved development programmes for the regions."¹⁷
- 5. Since the work of the development ministries was decentralised and handed over to the regional and district development directorates, their role in the new structure was confined to:
 - (i) set development objectives and policies for the regions;
 - (ii) determine the optional allocation of the nation's development resources among the regions and the specific development targets to be achieved with the resources, in accordance with government's priorities and planning procedures;
 - (iii) carry out developmental activities of national level and interests;
 - (iv) supervise parastatal organisations coming under purview;
 - (v) monitor implementation progress and to advise when action is required to correct off-plan performance;
 - (vi) carry out research of all types?18
- 6. In managing the regional and district development activities, the following staff and functional officers were provided as a development team to assist the development directors at their respective levels.
 - (a) Staff officers
- : planning officer, financial officer, personnel officer
- (b) Functional officers
- : agricultural officer, commercial/industrial officer, education officer, health officer, engineer, water engineer, land development officer, livestock officer, natural resource officer, *ujamaa* and cooperative officer.
- 7. While the commissioners (RC and AC) and development directors (RDD and DDD) were appointed by the president, the appointment and posting of the staff and functional officers were left to be governed by the Civil Service Act of 1962. The RDD and DDD enjoyed the same powers of 'appointing authority' and 'disciplinary authority' as enjoyed by their counterparts, i.e., the head of a department (principal secretary) and the head of a division in government in respect of officers and supporting staff under their jurisdiction. While the posting of staff officers was to be made by the prime

¹⁷Para 9 of staff circular No. 8 of 1972.

¹⁸ Ibid., para 11, pp. 2-3.

minister's office, the posting of functional officers continued to be made by their respective decentralised development ministries in consultation with the PM's office. The transfer of staff officers and functional officers belonging to the decentralised development ministries within a region became the exclusive responsibility of the RDD but he was expected to consult the appropriate ministry before professional/technical officers were transferred from one district to another.

- 8. The former ministry of regional administration and rural development was abolished and its functions were transferred to the PM's office. The PM's office was required to coordinate regional plans, offer technical and policy guidance to RDDs and control the work of the regions against approved plans. Apart from these responsibilities the PM's office was responsible for inter-regional transfers after due consultation with the RCs and RDDs and, in case of functional officers, with the appropriate ministry.
- 9. Regarding communication procedures, the practice of a sectoral head in the regions or districts issuing correspondence in his own sectoral/functional designation was abolished. Instead, it was required that "all correspondence from the regions and districts will be issued under the title/designation of the regional or district development director, as appropriate. Equally, all correspondence to the regions and districts must be addressed to the regional and district development director as appropriate." The only exception was where an officer was required to sign a document under a requirement of an Act of Parliament or any other regulation made thereunder. The normal communication between the RDD and the sectoral ministries was required to be through the PM's office. All communications were to be on the letter-heads of the new organisation and were to bear only the address of the RC's office or AC's office.
- 10. Through an Appropriation Act of Parliament, funds were to be allocated to every region to meet the estimated expenditure of the regional directorates and for implementation of development projects and programmes in the region and in every district in the region. It was proposed that regions and districts would receive about 40 per cent of the total annual development budget.

Regarding the people's involvement, the following changes in the participatory structure and planning procedure were introduced:

1. All district councils as local governments established under the local government ordinances were abolished.

¹⁹ Para 12 and 13 of staff circular No. 8 of 72.

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- 2. While prior to decentralisation, the party and government structures were interlocked at the level of the commissioners (regional commissioner being the *ex officio* regional TANU secretary, and the area commissioner being the *ex officio* district TANU secretary), decentralisation brought in further interweaving of the party structure with the participatory and planning processes at the regional and district levels.
- 3. At the district level, the district council was replaced by a district development council comprising of:

Chairman : The TANU district chairman.

Secretary: The district development director.

Members : Area commissioner, all members of

: Area commissioner, all members of parliament in the district, all elected members of erstwhile local authority representing wards within the district. All functional and staff officers appointed for the district are entitled to attend meetings but are not entitled to vote.

4. Every district development council is required (sec. 12) to establish a district development and planning committee comprising of:

Chairman : Area comm

: Area commissioner (ex-officio district secretary)

Secretary Members : District development director. : District chairman of the party.

All members of parliament of the district.

Staff officers and functional officers of the district.

25 per cent or not less than 10 elected members of

the council.

In addition to the above members, the district development and planning committee coopts the TANU district secretary.

5. A regional development committee was set up in respect of every region (sec. 6) comprising of:

Chairman

: Regional commissioner (ex officio regional TANU secretary).

Secretary Members : Regional development director.

: Regional chairman of the party.

Area commissioners of the districts within the region; All TANU district chairmen of the party for the districts within the region.

All district development directors within the region All members of parliament within the region.
All regional functional and staff officers (entitled

to attend without any power to vote).

6. Though the Decentralisation Act did not provide for the setting up of any committee below the level of the district, ward development committees were established with the following composition:

Chairman

: TANU ward chairman.

Secretary

: Ward executive officer.

Members

: 10 members of the ward's branches.

: Divisional secretary and ward's functional staff

(without any right to vote).

7. The district development councils were made responsible for :

"The planning and implementation of projects and programmes affecting agriculture, public health, education, commerce, industry, promotion and development of *ujamaa* and cooperative movement, natural resources, public works, water and land development' in addition to the functions of the abolished local authorities."²⁰

The district development and planning committee was vested with the function of formulating projects and programmes for the consideration of the council.

- 8. The functions of regional development committees were defined as:
- '(i) to consider, advise upon, formulate and implement development projects affecting the whole of the region;
- (ii) to advise upon and assist in the implementation of development projects undertaken in respect of any district within the region by the district development council of that district.
- (iii) to do all such acts and things as it may be directed to do by the minister, or which, in its opinion, are necessary for efficient performance of its functions.²¹
- 9. The relationship between the administrative structure and the above mentioned participatory structure is determined by the planning process which is as follows:
 - (i) Proposals from all the wards are integrated by the divisional secretary who sends them along with his own comments to the district development directorate.

²⁰Sec. 11 of Decentralisation of Government Administration (Interim Provision) Act, 1972.

²¹ Ibid., Sec. 10.

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- (ii) The district functional officers submit their proposals along with their comments on proposals sent by the divisional secretary to the management team comprising of DDD (chairman) and all his functional and staff officers.
- (iii) The district management team examines all the proposals and collates them for presentation to the district development and planning committee, which reviews the proposals before sending them with their recommendations to the district development council for its deliberation.
- (iv) The final decision of the district development council still emerges in the shape of proposals to be submitted to the district executive committee of TANU which examines their conformity with the party's policies and guidelines.
- (v) The proposals as cleared by the district TANU executive committee are sent to the region where the regional management team (comprising of RDD, as chairman, and all the regional functional and staff officers and all the DDDs within the region) reviews them and finally gives them the shape of an overall proposed regional plan.
- (vi) The proposed regional plan is then submitted to the regional development committee for deliberation and later on to TANU regional executive committee for scrutiny against the party's policies and guidelines.
- (vii) Finally, the proposed plan is sent to the PM's office for scrutiny, and integrating with the proposed plans for the region.²²

Considering that neither the regional nor the district directorates have the power to raise resources, crucial questions can be raised such as: "What is the base of preparing these proposals or plans at various stages of the planning process? Are they the aggregates of demands at different levels to be considered finally by the centre? How are these demands linked with national priorities and resource availability?" In this context, the PM's office plays an important role. It issues planning guidelines to every region so that national priorities and resource availability are kept in view while finalising proposals at every level. But due to a series of difficulties such guidelines are not available before the beginning of a financial year on 1st July. The planning guidelines for the year 1974-75, for instance, provided an ad hoc arrangement. They stated that: (a) all on-going projects must be included assuming that at least 50 per cent of the current budget of development fund would be approved in the following year, and (b) additional projects should be included on the assumption that 100 per cent of the current budget would be approved in the

²²Summarised from Adrian J. Fernandes, "Government Decentralisation in Tanzania: A Case Study of Morogoro Region", 1975, pp. 100-114 (unpublished thesis of University of Dar-es-Salaam).

following year. The revised guidelines, however, prescribed financial ceilings for each region and for different sectors, while it limited the increase over the current budget to 40 per cent. An interesting feature of the planning process is that each proposed project must indicate the component of 'self-help'.

In order to make the scheme of decentralisation work, the government took extreme care in deciding the persons to be posted as RDDs and DDDs in the first instance. A nationwide search was launched to identify the most suitable persons, whether available in academic institutions or in parastatals or in any cadre of government service. They were picked up through a vigorous selection process which included intensive seminars (training courses) on the scheme of decentralisation and their role and responsibilities. Regional and area commissioners were also called in to undergo common seminars with the development directors so that they knew each other's role. The senior and experienced officers of development ministries were posted to the regions and districts, thus reversing the earlier trend of their concentration in the ministries. In the case of staff officers, the attempt was to select the persons afresh rather than posting the officers of ministries to the regions etc. Prior administrative experience was not necessary. For instance, the establishment officers of government were not considered favourably for the appointment to the post of personnel officers.

Ever since decentralisation was introduced in 1972, the government has endeavoured to seek adjustments in its structure and procedures in response to the problems of implementation. But none of these changes has altered the scope and contents of decentralisation in any substantive way. For instance, during 1976-77, the posts of staff officers were redesignated and their role streamlined. Neither the merger of TANU and ASP to form a new political party—Chama Cha Mapinduzi—nor the Village and Ujamaa Villages Act of 1975, which gave legal autonomy to villages on the pattern of cooperatives, has introduced changes either in the planning process or in the structure of the regional and district administration. But these developments are significant to the extent that they have sharpened the focus and approach of the governmental machinery to deal with the issues of rural development.

A wide variety of problems in the administrative system at the regional and district levels do exist but these problems are not peculiar to the decentralised system. They are the problems of public administration, some of which are common amongst developing countries, and the others have their origin in the Tanzanian setting. Acute shortage of qualified manpower continues to pose a serious hurdle in development efforts, and together with the inadequacy of resources, it limits the optimum utility of qualified manpower wherever available. During 1973-75, due to the economic crisis caused by drought and increase in the oil price, developmental activities of decentralised structures

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virtually came to a standstill and it tended to assume the role and orientation of a control instrument of government. When it was discovered during this period that establishment expenditure of regional and district administration consumed well above 80 per cent of their budget, a 20 per cent cut in staff was enforced. A series of case studies²³ have also revealed that an increasing degree of specialisation in bureaucracy and its expansion are posing serious problems to the rural development strategy adopted by Tanzania.

CONCLUSION

Tanzania stands out among all the new states in independent Africa as a unique case in many respects. In President Nyerere, it has a charismatic leader whose unique capabilities to initiate as well as articulate development strategies, and to organise and build institutions to implement them, have helped to establish a firm foundation for the nation. Guided by his formulation that 'freedom without discipline leads to chaos and discipline without freedom is tyranny', the government has endeavoured to pursue its objectives of socialism, self-reliance and rural development through a framework of organisations, designed to secure an equilibrium between the needs of freedom and public order. It recognises that the administrative system is inherently incapable of resolving social conflict and carrying out mass mobilisation for its rural development strategy or for effecting socio-cultural changes considered desirable for its objectives. It has, therefore, sought to transform the political party into a social institution to perform these tasks. to provide a new mode and structure of participation and to build a morality of political conduct which considers ethnicity and force irrelevant as instruments of political penetration.

One of the stated objectives of decentralisation is to give more power to people, but local governments have been abolished. There has been no devolution of power to the newly constituted district development councils. But the power to people is sought to be given through the planning process which has increased their control over deconcentrated area-organisation of the central government. This control is exercised by the popularly elected organs of the party whose supremacy over the government is recognised by the constitution and by the role it performs in educating, motivating, articulating and mobilising the masses for participation in development programmes.

It is generally assumed that decentralisation by way of devolution of governmental powers or deconcentration of administrative powers of decision-making from the centre to the periphery is a necessary condition for rural

²³Lionel Cliffe, et. al. (eds.), Rural Cooperative in Tanzania, Dar-es-Salaam, Tanzania Publishing House, 1975.

development or for enhancing the effectiveness of planning and implementation of development programmes. Sole reliance on this institutional approach to decentralisation will be found to be dysfunctional, and counter-productive because it assumes the existence of a social and political culture, supportive to the institution in achieving its stated objectives and also strong enough to lend stability to the centre. Alternatively, it assumes that setting up of the institutions will lead to its emergence. None of these assumptions are valid to the conditions in the newly independent states of Africa. Therefore, in Tanzanian strategy we find a deliberate effort to plan decentralisation in such a way that both institutions as well as processes are geared to reinforce each other in the task of nation building and development.



TRUST IN LOCAL GOVERNMENT

When citizen confidence and trust in government at all levels are tenuous, the quality of local-government performance is vital to the attitudes of individual citizens. Once citizens come to feel that they cannot trust the local officials to whom they have delegated responsibility for their common concerns, free representative self-government is made impossible. Trust and confidence in local-government institutions grow increasingly important as greater numbers of individuals become dependent on local government for essential services ranging from housing and health services to fire protection and transportation.

—Foreword, Managing Local Government for Improved Performance: A Practical Approach, Brian W. Rapp and Frank M. Patitucci, 1977

The Raising and Redressing of Grievances at District Level and Below in Rajasthan*

Rakesh Hooja

THERE are many avenues for citizens to raise their grievances regarding administrative matters. Each officer, and especially members of district administration (collectors, SDOs, etc.), set aside time for petitioners to meet them in their office. Similarly, whenever an official goes on tour, he expects to receive petitions in the villages he visits. Panchayat non-officials (sarpanchas and panchas) as well as others (some of whom have even made it a profession) visit the officers with or without villager constituents and clients to raise grievances. Panchayat samiti, gram sabha and zila parishad meetings are forums for raising grievances; however, here political grievances exceed administrative grievances. Similarly, other district or lower level meetings, attended by elected representatives or other non-officials, provide such a forum. Kisan sammelans are organised in certain villages where ministers and officials are invited and grievances are invariably set forth forcefully. Letters to the editor in newspapers are another mode of grievance expression and at times even articles and news items are managed in such a way that they end up as grievances of some group or the other.

However, before discussing the above mentioned methods I shall concentrate on the institution formally set up for this purpose. The district public grievances-cum-vigilance committees were set up in each district of Rajasthan vide order No. F.7(17)O&M/G.V/73 of the Department of Personnel (O&M) dated 9/12 March, 1973.

THE RAJASTHAN ORDER

The latest order (of 1977) in this regard containing both the composition and duties of the committees is reproduced on next page.

^{*} This is a revised version of a paper presented at the workshop on citizen and administration at HCM State Institute of Public Administration, Jaipur, in May, 1978. The basic data pertains to Ajmer District though comparisons with Udaipur District are available in the footnotes.

be nominated by the collector.

Sub. : Setting up of District Public Grievances-cum-Vigilance Committees

In supersession of O&M Department Order No. F.7(17)O&M/Gr. V/73 dated 9/12 March, 1973, the Governor is pleased to reconstitute a district public grievance-cum-vigilance committee in each district of the State of Rajasthan. The committee would comprise of the following:

1.	Collector & District Magistrate	Chairman
2.	District Superintendent of Police	Member
3.	All MPs and MLAs of the district	Member
4.	One representative of the zila parishad (to be nominated by zila parishad)	Member
5.	One person each from SC/ST to be nominated by the chairman	Member
6.	District level officer or higher officer of the concerned department to be coopted by the chairman	Member
7.	One of the RAS officers at the headquarters to	Secretary

The chairman of the aforesaid committee in the districts of Jaipur, Swaimadhopur, Alwar and Bharatpur may constitute sub-committees to deal with the problem of atrocities on harijans/STs.

The functions of this committee shall be to deal with complaints relating to corruption and public grievances, such as delays in sanctioning of power connections, registration of criminal cases, registration of mutations, irregularities in distribution of water, alleged use of transport of the complainant by investigating authorities, and irregularities in the grant of execution of contracts in various departments.

The committee shall act in the following manner:

- (a) (i) The committee shall hold periodic meetings, at least once in a month at each district headquarters or at any other place within the district, on a fixed date, to be determined and published well in advance so that public and all other interested persons may get an opportunity of being heard.
 - (ii) This committee shall review crime and law and order position and problems relating to the traffic control of the district. The committee shall be competent to suggest preventive and corrective measures in respect of above

- subjects including delay in investigation, non-registration of cases in police stations, commission of atrocities on members of scheduled castes/tribes and weaker sections of society.
- (b) This committee shall be responsible to coordinate the activities of all district level departments, where the nature of complaint concerns a number of departments and they do not agree to a common course of action.
- (c) This committee shall be competent to look into complaints where there is specific allegation of delay in the removal of individual or public grievances. For this purpose the committee shall be competent to call for record of the concerned district level officer and after due discussion with him, give suitable direction for expediting the removal of grievances in accordance with law by the concerned district level officers. The committee will also be competent to fix time limit for such disposal of the grievances. In case the district level officers do not comply with such directions the matter shall be referred to the administrative department of the district level officer concerned and department of public grievances, for further necessary action.
- (d) In case of specific allegation of corruption, malafide conduct, inaction or overaction, the committee shall be competent to examine the relevant record of the district level officer and, if warranted, will hold further enquiry and report such malafide conduct or corrupt action to the (vigilance commission)* Department of Removal of Public Grievances, and the administrative department concerned with their specific findings.
- (e) This committee will be competent to investigate any specific complaint entrusted to it by the State Government (State Vigilance Committee*), Department of Removal of Public Grievances and will report its findings thereon.
- (f) With a view to enable the committee to deal with various problems of grievances, the district public relations officer should be made responsible to submit regularly to the chairman extracts from daily and weekly newspapers concerning district administration.
- (g) The public relations officer posted in the district should be available to the committee for providing assistance in disseminating information regarding action taken by district authorities dealing with grievances.

^{**}Deleted vide order dated 7 April, 1978.

- (h) The committee should identify persons/organisations which have a corrupting influence on Government servants and report the same to the Government. Similarly, this committee should identify newspapers which indulge in black mailing of Government officials and thus prevent them from discharging their legitimate functions. It should report the same to the Government for appropriate action. Government advertisements to such papers should be stopped and other measures to deal with them should be considered by the Home Department.
- (i) The recent instructions issued by the Government regarding periodical visits of district officers to tehsils and police stations and inspections would go a long way in redressal of public grievances. The committee should have a periodical review of the implementation of the Government instructions issued from time to time in this behalf.
- (j) A monthly review of the work done by the committee shall be submitted to the [Vigilance Commissioner*] and Commissioner for Removal of Public Grievances and Director of Grievances Office of the Chief Minister, Rajasthan, for the information of Chief Minister.

Only one change has been made in the functions of these committees, which are popularly known as vigilance (or satarkta) committees, between 1973 and the issuing of the above quoted order in 1977. Point 4(ii) giving the committee the functions of reviewing crime and law and order as well as traffic and atrocities against the members of weaker sections of the society is a new function not previously assigned to the vigilance committees.

In most districts the additional district magistrate is the secretary to this committee.

CASES RECEIVED

Before turning to a discussion of the working of the vigilance committees it would be appropriate to provide statistics about cases in one district vigilance committee as an example of the number of cases received and the departments against which the grievances (or complaints) have been raised. The data relates to Ajmer District¹ and is given in Table 1 to 4 as that was available to me.

^{*}Deleted vide order dated 7 April, 1978.

¹For contrast some data pertaining to Udaipur District taken from C.M. Jain and Rajendra Joshi's paper, "Grievance Ventilation at the District Level—A Case Study",

Now to turn to the procedure and problems in the functioning of the district vigilance committee.

(Continued from page 803)

presented at a workshop on citizen and administration at the HCM State Institute of Public Administration, Jaipur, in May, 1978, is reproduced:

Number of Departmental grievances received pertaining to the office of Chief Minister, collector and other ministers from 1 Jan., 1978 to April, 1978

SI. No.	Department	Category 1 % Chief Minister	Category 2 % collector	Category 3 other ministers	Total	
1.	Police	3	20	3	26	
2.	Revenue	41	83	30	154	
3.	Medical	-	30		30	
4.	PWD		25	6	31	
5.	Public Health Deptt.	-	31		31	
6.	Education	2	40	-	42	
7.	Urban Improvement Trust	3	30	1	34	
8.	Miscellaneous (Other deptts.)	51	234	45	330	
	Total	100	493	85	678	

[%] stands for "office of the"

NOTE: It has been found that usually police and revenue complaints come from publicmen while grievances on education and medical come from government employees.

TABLE B—Udaipur

Number of grievances received from all sources and redressed

	Month		No. of grievances received	Redressed	
1 3	Sept. 77-Dec. 77	×	1524	329	
	Jan. 78-April 78		1103	203	
	Total		2627	527	

Note: These cases pertain to departments other than the office of collector and hence have been referred to the department for redressal.

TABLE C—Udaipur

Number of grievances received and disposed pertaining to the office of Chief Minister

Month		Can v	No. of g		ces	Redressed	Unresolved	-
Sept. 77-Dec. 77 Jan. 78-April 78				310 69		170 37	140 32	-
	Total			379	41 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	207	172	

The committee takes cognisance only of cases submitted to the secretary to the committee by hand or by the post, or of cases sent down by the vigilance commission/department for removal of public grievances, or the grievances office of the Chief Minister.² Other grievances or complaints are dealt with directly by the concerned officials who often conduct enquiries on the basis of petitions or complaints received. Very often the same grievances are dealt with by the committee as well as directly by the concerned official. And the official's action often precedes the vigilance committee's taking cognisance of the case.

THE WORKING OF THE VIGILANCE COMMITTEES

The committee has authorised the secretary to initially screen the (Continued from page 804)

TABLE D—Udaipur

Number of grievances received by Udaipur collectorate through mail

Month		Grievances registered	Redressed	Per cent
Sept. 77-Dec. 78		620	260	42
Jan. 78-April 78		493	116	24
	Total	1113	376	33

TABLE E—Udaipur

Number of grievances put up to the vigilance committee at its meetings

Month	1	-	* (Grievances put up	Redresse	d
0 / 55 55		Υ.,.		10	10	
Sept. 77-Dec. 77				10	10	
Jan. 78-April 78				13	13	

²It is clear from C.M. Jain and Rajendra Joshi, op. cit., that the Udaipur practice is different from the Ajmer practice as described by me. In Udaipur, ordinary petitions and grievances received in person or through the mail by officers of the collectorate and the collector himself also appear to be dealt with by the vigilance cell instead of being routinely dealt with by the concerned officer or section of the collectorate, i.e., in Udaipur ordinary grievances and grievances specifically submitted to the vigilance committee are not dealt with in separate ways.

Another difference between the Udaipur and Ajmer methods is that while in Ajmer all cases referred by the Chief Minister's office are automatically considered to be meant for the vigilance committee or its secretary, in Udaipur it appears that most grievances received from the Chief Minister or other ministers' offices are passed on to the respective departments for purposes of redressal and final intimation. Only a few such grievances, as selected by the collectorate, Udaipur are put up to the vigilance committee. "The collector, Udaipur, refers only such grievances to the committee which he considers relevant." (Jain and Joshi, *ibid.*)

TABLE 1

Department and Naturewise Position of Vigilance Cases Pending for Disposal in Ajmer District Vigilance Committee as in March 1977 (Based on a classification of cases done in April 1977)

Sl. No.	Department		_	ion co		Total corrup-	rou	Departmentwise routine cases pending for			Total Deptt. routine	
		1 Yr.	1 Yr.	2 <i>Yr</i> .	3 Yr.	Tilon	1 Yr.	1	2 Yr.	3 V _r	cases	
1	2	3	4	5	6	7	8	9	10	11	12	
1.	Development	6	3	6		15	20	13	2		35	
2. 3.	Revenue Police	10	4	1	1	16 1	60 11	22 3	3 1	1	86 15	
4. 5.	Municipality Education	1 3		1	-	2 5	17 17	7 11	2	<u> </u>	26 33	
6.	Medical					_	14	6	5	_	25	
7. 8.	Cooperative Elect. Board	4	1	_	1	6	8	5	1 1		9	
9. 10.	UIT PWD	1				1	3	1 1			4	
11.	Miscellaneous	8	4			12	32	15	3	1	51	
	Total	34	14	8	2	58	191	86	22	3	302	

TABLE 2
Yearwise Receipt and Despatch in the Vigilance Cell, Ajmer

Sl. No.	Year	Papers received	Papers disposed		
1.	1975	1212	1503		
2.	1976	2894	3590		
3.	1st January to 31st March 1977	976	1321		

TABLE 3

Yearwise Registered and Unregistered Cases in the Vigilance Section, Ajmer

Sl. No.		Registered cases	Unregist	Total	
140.		cuses	Miscellaneous papers	Papers received from Abhav Abhiyog	•
1	2	3	4	5	6
1.	1973	57	* <u></u>		57
2.	1974	214	****	-	214
3.	1975	264			264
4.	1976	261	350	146	757
5.	1977	266	1055	634	1955
6.	Up to March '78	51	141	282	424
	nga atau at managang ang at ang a	1113	1546	1012	3671

TABLE 4

7	Cases	Registered	and	Closed	up t	o End	of	March	1978,	Ajmer
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otal cases rec to 31.3.78	reived	Cases closed up 31.3.1978	o to	Cases pen 31.3.78	ding on
3671	* * * * * * * * * * * * * * * * * * * *	3250	, , , , , , , , , , , , , , , , , , ,	421	

grievances received.³ The grievances are often vague. At times the actual problem is not even stated and some other side issue is mentioned instead. Many are anonymous with general allegations. The secretary may file such

³In Udaipur as per Jain & Joshi "five registers have been drawn up for enrolling grie vances pertaining to the office of the Chief Minister, office of the collector, general grievances, grievances relating to offices of other ministers and grievances to be heard by ventilation committee respectively." In Ajmer all registered cases are put up to the vigilance committee for hearing and final decision. It is interesting to note that the Udaipur committee does not record cases regarding crime, law and order and corruption.

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cases immediately. As a second alternative he may send the grievance to the concerned official for taking necessary action and reporting directly to the aggrieved person. Thirdly, he may ask the official concerned to submit a factual report about the complaint. The fourth alternative is asking for a person higher than the concerned official to conduct an enquiry. Normally, it is only the fourth category of cases that are registered and put up before the committee. Of course, a case from category 2 or 3 may later, upon receipt of a factual report from the concerned official, be registered and a more detailed enquiry be ordered. Similarly on the basis of a factual report the complaint may also be filed.

At times the secretary himself is expected to examine the records, take down statements of concerned persons and prepare the report for the committee.

The committee meets once a month and examines the reports received from enquiry officers along with the summary prepared by the secretary (This summary system was introduced in mid-1975). The complainant and enquiry officers are also required to be present so that the committee members may, if necessary, question them. Sometimes the complainants turn up in delegations and even bring witnesses. Of course, the person against whom the complaint has been made may also turn up at the meeting.

Normally about ten to fifteen cases with reports are considered at each monthly meeting of the committee. Often the committee remands cases for further, more detailed, enquiry.

The committee may recommend, on the basis of the reports put up, that the concerned department take action against an official who has been deemed to be a defaulter. The clerk in charge of the vigilance section at Ajmer for the last two years told me that not more than 10 per cent of the complaints had been found to be true in his tenure and that the vigilance committee seldom managed to chase up the concerned department and ensure that departmental action as recommended has actually been undertaken.

The monthly proceedings of the vigilance committee are forwarded to the State Government and to all concerned. Similarly a quarterly statement of cases received, disposed of, and pending, is submitted to the State Government.

The general assistant to the collector who had earlier been a probationer under training in Ajmer also confirmed my belief, formed when I was a probationer in Ajmer, that many anonymous complaints were received and that many times the same complaint (similarly worded, or even a carbon

copy) was resubmitted under a different signature after a short interval in the hope of starting a second case. He also pointed out that some people appeared to be favourite targets for vigilance committee complaints. This would indicate that the person was actually at fault. However, it could also indicate that there was a motivated campaign launched against such an official by someone.

TOPICS OF COMPLAINTS

Among the favourite topics for complaints were: (1) those regarding water connections, (2) those regarding electricity connections, (3) those regarding revenue mutations, (4) about corruption by traffic police, (5) police not registering cases, (6) against wrong allotment of *abadi* land by the *sarpanch*, (7) regarding dirty latrines, (8) regarding non-payment of salaries (this task being especially the case in government aided educational institutions). Most complaints were against the revenue, police and development departments.

Often cases that are *sub judice* were referred to the vigilance committee, which was forced to admit its inability to interfere.

It was also reported that MLAs and MPs had been known to absent themselves from a number of meetings⁴ as well as that many officers ignored the reminders of the secretary to expedite enquiry reports.

Normally, both the collector and ADM are very busy with miscellaneous duties and the collectorates are badly understaffed both in regard to officers and clerical staff. Hence the collector and secretary get time to look up the vigilance cases only just before a meeting. Hence, except when some probationers are sent to a district for field training and asked to assist in vigilance work, it is seldom that the vigilance cases pending get examined in depth before the monthly meeting. Of course, the secretary of the committee who is also the officer in charge of the vigilance section of the collectorate inspects his section as per the District Manual. Most of the time the clerk has to cope as best as he can.

Recently the vigilance committee in Ajmer decided to insist that no complaint would be considered unless accompanied by an affidavit verifying the complaint. This is with a view to discourage the numerous false complaints being received. However, as no action has been taken in Ajmer in

⁴This is also reported by Jain and Joshi for Udaipur. Both in Udaipur and Ajmer MLAs, if they attend the meetings, bring some complaints or grievances with them to the meeting and even try to dictate the committee's decision at times.

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any vigilance committee or even in the regular court case against a person giving false affidavit, this may not prove a sufficient deterrent.

As mentioned earlier many times a complaint is addressed simultaneously to many people starting with the Prime Minister or Chief Minister and coming down to the concerned officer, with the vigilance committee somewhere in between. This means that at every level an avalanche of papers is received when only a few of them really require action at that level. Having to deal with these papers means that the overworked staff has less time available for its regular work. Thus the regular work gets delayed and this delay may in turn give rise to more public grievances. The collector's and SDO's offices may today provide examples of spending more time on enquiries and complaints than on their actual or primary work.

Another result of this is a tendency at all levels (and, while this is more true of the clerical staff, officials also tend to acquire this habit) of sending the original complaint to subordinates 'for necessary action'. This tendency is there because the person does not want his records to show too many complaints pending with him for enquiry and may be necessary in many cases.

However, this practice has become such a routine that at times important complaints also get marked down to subordinates and the person who originally received the complaint cannot monitor the action being taken by the subordinate on the complaint. One solution can be for the complaint to be retained in the higher office and for a copy to be sent down for 'necessary action' or for 'necessary action and report'. I have tried this technique because then the likelihood of reminders for the reports being issued to the lower office is higher as the complaint still remains pending with the higher office. However, getting copies made in an overworked, understaffed office, as at least all collector and SDO offices are, proves to be a very time consuming process, which affects the normal working of the office. Also, the longer it takes for a grievance being checked up and removed, the more dissatisfied the complainant is likely to become. In fact often the complaint may have been made with a view to speeding up some desired government decision rather than slowing it down.

A solution for effective monitoring of action taken by the subordinates on the petitions, submissions and complaints received had been suggested by a collector I met while on tour (Rajasthan darshan) during my training. He showed us how he kept four registers in his own office—two maintained by himself and two by his personal assistant. The important papers were registered there according to urgency and priority of reply before being sent

to the general receipt of the collectorate from where they went to the concerned sections of the collectorate for the officer-in-charge of the section to ensure compliance of the desired action as marked on the paper by the collector. The collector then checked his registers at intervals and sent reminders or pulled up the functionary from whom action was required.

A second possible solution offered by a fellow officer was for all petitions and complaints to be treated in a manner similar to that used for court files, *i.e.*, on each paper a date is marked for it to be resubmitted to the official by the dealing clerk for checking the action already taken. After doing whatever is required on that date the officer should again prescribe a date for further resubmitting to the officer by the dealing clerk for further action and so on.

The above is one aspect of complaints being sent to levels higher than that at which action is required. Another aspect is the fact that complaints may be marked or sent down to a lower level which is required to merely perform the post office function of further marking it down. This function involves delay as well as waste of the available manpower.

A third aspect is the growing habit of waiting to see how important the superior has considered the report to be before acting even if a copy of the report has been received directly at the proper level. Thus a vicious circle may develop in which action is taken only if complaints are submitted at a higher level.

PUBLIC EDUCATION

What is required is education of citizens so that they submit complaints at proper levels. But such education can only be provided by people's representatives or other educated citizens who, on the contrary, may prefer to keep the villagers in the dark for their own personal gain (i.e., they may prefer to receive a fee for acting as contact men and encourage more levels at which 'contact' is made by them). Simultaneously an ethos has to be developed through training and government directives whereby officials ensure that all complaints requiring action at their level are acted upon without the complainant having to secure orders or directions from above. This attitude of mind does already exist in many officials who even at times get newspaper reports or remours checked up (the vigilance committee also does this at times) without waiting for complaints if they consider the matter important enough. However this cannot be done often as tending to grievances or complaints is always a secondary function for any organisation.

Also, as mentioned earlier, there is the fact that at times people keep resubmitting the same petition in slightly modified form again and again to various levels in the hope that what they desire—even if illegal—may get

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done. While, of course, appeals against administrative decisions should always be permitted, this tendency of repeating the demand a number of times leads to waste of time in government offices and also to frustration for the petitioner. Often such repetition of grievances is because villagers do not realise that rules apply equally for the same matter at all levels. They feel that if one person takes a decision that goes against their interest, he has done so on a personal basis and that another person may decide in a different manner. Others do this in the hope that someone at some level will make a mistake in their favour even though what they desire is illegal. Here again public education of citizens is necessary. In fact often the grievance is remoulded and submitted even to the same person in the hope of a favourable decision. By adding to the number of complaints this slows down the government machinery.

Grievances are raised at times and complaints got made by the colleagues or subordinates of an official or by someone who wants to get something illegal done from the official. The purpose of such action, often taken through newspapers also, is to blackmail or cow down the official so that he does the illegal act or turns a blind eye towards his subordinate's misdeeds. The only solution for such action is a change in the socio-political culture of the country. As regards concrete steps it is difficult to suggest any.⁵

So far most of what I have written has been with the collector or SDO in mind as the agency that receives a number of complaints about every

⁵However, Mohan Mukerji in his paper, "Misuse of Procedures Provided for the Removal of Grievances—Some Notes", presented at the above mentioned workshop on citizen and administration, has suggested some measures. His note is reproduced below:

"The staff provided for removal of grievances is not enough to handle the large volume of work. This volume includes a large element of false or grossly exaggerated allegations. If such allegations can be reduced, then genuine grievances can get more attention.

The distinction between public grievances and complaints is sometimes not clear, since both relate to dissatisfaction with the working of public servants. It is an unfortunate fact that persons having some personal motives to harm a public servant misuse the procedures provided for the removal of grievances.

A common motive is just a plain desire to hurt somebody. A more specific motive is to harm a person who is a possible rival for promotion so that a pending enquiry may affect the rival's chances. Blackmail, not necessarily for money but to pressurise for some favourable action like transfer, recruitment, purchase or contract is the third motive. While the second type of motivation inspires fellow employees only, they, as well persons who are not in public services, act in pursuance of the first and third motives.

The common step is to make an anonymous or pseudonymous representation. Government instructions are that no action is to be taken on anonymous complaints unless the allegations are so specific that they can be enquired into. Knowing these instructions, the allegations are often specific. The object being harrassment or temporary adverse effect on career. The fact that on detailed enquiry the allegations are found to be false is not relevant.

The following suggestions are made for redressing false representations:

(a) If any authority desires to investigate into an anonymous representation, he should

official in the district. What about trying to get grievances removed at lower levels?

COMPLAINTS WITH LOWER FUNCTIONARIES

Somehow generally departmental offices at the district level do not always take necessary action upon receiving a complaint about a fellow officer out of a feeling of espirit-de-corps with the other functionaries of their department. Presumably this is one reason why the collector or the SDO receives so many complaints against the functionaries of various departments. But another reason must also be there. I remember the collector of Aimer suggesting that the dates of the monthly tehsil meetings of the patwaries be publicised and people exhorted to submit complaints or grievances at these meetings where the concerned patwari could be asked to supply the facts and the tehsildar (or SDO if present) could take immediate action. This was, of course, meant only for revenue matters and it was thought that people would prefer to go to the tehsil headquarters rather than to the collector and that immediate questioning of the patwari, rather than having the collector or SDO send for a patwari report, would also prove more popular as delay would be avoided. However, the public response was negligible while people still visited the collector and the SDO offices in great numbers for this purpose. Evidently people feel that the higher they complain to win the hierarchy the better. Perhaps they even consider a visit to the collectorate or the SDO office a welcome pastime.6

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ordinarily affix a notice on the public notice board in his office stating briefly the matter to be investigated into and inviting the complainant to disclose his identity and furnish details in confidence, even at the residence of the authority. Investigation without knowing the identity of the complainant should be very rare, for reasons to be recorded in detail.

(b) If a complaint made by a government servant is proved to be false, he should himself be liable to disciplinary action. If a member of the public, journalist, etc., is found to have made a false complaint, this should be brought out in Press notes. If complaint by a legislator is found to be wrong, the Speaker should be informed.

(c) Section 182 of the *Indian Penal Code* provides for a court complaint being made only by the authority to whom a false complaint is made. This should be amended to allow a person falsely complained against to also be a complainant. The State should accept the liability for launching prosecution."

⁶With a view to lower level problems being solved, Udaipur has experimented with the vigilance committee holding its meetings at tehsil and sub-division, etc., headquarters and listening to 'on-the-spot' grievances in addition to the already registered ones. Jain and Joshi have prepared the following Table based on some of the committee visits.

Month	Place of Meeting	Grievance received	Resolved
Jan. 78	Udaipur	9	9
Feb. 78	Salumber	36	36
March 78	Dhuryawad	18	18
April 78	Udaipur	13	13
	Total	76	76

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Grievances that are raised at public meetings or kisan sabhas are often exaggerated or set forth in the form of political demands by the village leaders in their speeches. Many sarpanchas privately inform the officials that they have no complaint against them while their public speech is full of vitriol against the particular functionary. Thus these are more a destorting forum than an aid to grievance articulation or resolution.

Here it should also be admitted that many grievances are due to the elaborate and cumbersome legal procedure and rule-oriented system where adherence to rules is more important than achievements. Not that I advocate abandoning legality. However, if no *mala fide* is involved and a person is permitted to stretch the rules a bit for the sake of performance, then much fewer grievances would be raised. Of course, this suggestion is also dangerous, for many officials could misuse such flexibility if made available to them.

Another way to reduce grievances could be for each cluster of government offices to be provided with a reception-cum-information centre to guide the villagers. Many grievances are raised because a villager has knocked at the wrong door and received natural rebuffs and therefore he complains not knowing what else to do.⁷

PUBLIC RELATIONS EFFORT

A third method for reducing citizen's grievances would be public relations efforts in the real sense of the word and not the formal releasing of press notes as is currently done by district public relation officers. If the government functionaries can explain rules, procedures, and their manner of thinking to the people at large, and also explain what and how they are trying to achieve, then, hopefully, the citizens would be more understanding and raise less grievances.⁸

However, here also the danger is that the grievance work may become so huge that the agriculture extension programme might suffer.

⁷Another possible forum for grievance resolution could be the new agriculture extension scheme (also called 'T&V' or 'cluster' or 'benor' scheme in Rajasthan). The village extension workers who visit the fields of the contact farmers in rotation can pick up grievances there. When they come for their fortnightly training in agriculture extension to the cluster headquarters (each cluster normally covers 2 panchayat samitis) they can pass on the list of grievances with their factual reports to various district level officers assembled there for this purpose who can then take quick and necessary action. This has been tried out for grievances concerning non-availability of water throughout the canal system in the chambal command area development project (Rajasthan).

⁸It would be proper to also list the suggestions made by Jain and Joshi here. They contend that one of the significant outcomes of the vigilance committee has been an overburdening of the office of the collector with a huge number of complaints. Hence (i) "The

In fact a grievance in reverse (though perhaps grievance is the wrong term to use here) that administrators have against citizens is that citizens are not willing to understand facts and problems faced by administrators, that citizens take parochial or personal view points of things and seldom bother to rationally think about the common good which the government has to take into consideration, that citizens make complaints and demands and comfortably sit back seldom attempting to help the administrator in his endeavour to set right the grievance that has been raised.

Some sort of adult or public education is required to help solve this problem. However, it is clear that if administrators receive no bouquets but only brickbats they may not perform so well; somehow today only brickbats seem to be in fashion.

Before ending I would like to refer to a note on removal of public grievances that I found in the Ajmer collectorate files. It was obviously a note received from the commissioner for removal of public grievances of the State Government. It referred to two studies (date of the studies not known) conducted in Madhya Pradesh and Uttar Pradesh and set forth the findings in the form of factors giving rise to administrative grievances on the part of citizens. I reproduce the list for further consideration and discussion.

Uttar Pradesh Study

- 1. Unhelpful attitude of officials.
- 2. Inordinate delay in transacting government business.
- 3. Corruption amongst officials.
- 4. Lack of proper attention from government agencies which provide services for common man.
- 5. Favouritism and nepotism in dealing with general public.
- 6. Inefficient machinery for redress of public grievances at the district level.

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size of the district be reduced." (The present author feels that an alternate to Jain and Joshi's contention could be provision of extra officers and staff in adequate numbers). (ii) "Identical grievance ventilation committees of the existing model be constituted at the lower levels of the district... for this panchayats and panchayat samitis may also be vested with the power of grievance ventilation especially of a minor nature." (The author feels that panchayat and panchayat samitis may unnecessarily politicise all issues. Hence sub-division or tehsil may be a better unit, but only if adequate staff is provided. Secondly, no such thing as "vesting with powers of grievance ventilation" exists. Grievances can be removed by functionaries using the basic powers they have by virtue of the posts they hold). (iii) "Grievance ventilation units may also be opened at the level of the different district offices. They informally exist even today." (iv) "The working of this (vigilance) committee still needs publicity."

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Madhya Pradesh Study

1. Discourageous and unhelpful attitude of government officials.

2. Intentional delays

3. Delays caused by faulty procedure

4. Graft

5. Delays for non-material gains, e.g., favouritism

6. Delays caused by lack of coordination

In the end let me state what should perhaps have been said at the beginning of this paper. A grievance may be defined as a real or imaginary wrong or cause for complaint. The problem is how can citizens as well as administrators distinguish between the real and imaginary wrong and how can they express and resolve the real wrongs in a systematic and amicable manner.⁹

COLLECTOR, THE DISTRICT BOARD PRESIDENT

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We are of opinion that, in present circumstances, the Collector should remain president of the district board. To remove him from this post would be to dissociate him from the general interests of the district in such matters as roads, education, sanitation, drainage and water supply, and to convert him into a mere tax-gatherer and repressor of crime. Such a change would, we think, be very undesirable, and would have the effect of divorcing the Collector from healthy contact with instructed non-official opinion.

—The Royal Commission Upon Decentralization in India, 1907-1909.

⁹Just as the author was finalising this paper he has come across the Rajasthan State Government instructions issued recently that each office open and maintain a public grievances register through which the head of office monitors the progress of grievance resolution. All such registers are to be checked at the time of office inspections by the head of office or his superiors. This step towards decentralisation can only be commented upon after trial.

The Image of the Village Officer in Andhra Pradesh*

N. Umapathy

In the context of planned development, the need for gearing up the administrative machinery in different ways has been well recognised. But the significance of improving the edifice of administration, which in India rests at the village level, and from the point of service at the 'cutting edge' level, has not been given the attention it deserves. The reason appears to be the lack of empirical studies throwing light on the public functionary at the village level. This limited study while covering the gap in the literature, throws light on the kind of public functionary in a village and provokes one to ponder over the implications of such a situation.

The edifice of state administration especially revenue administration in India rests on the village level. The village munsiff popularly called the village officer¹ whose services, though primarily meant for administration of land revenue, are utilised by different departments for different purposes, including general administration. The departments of the state that utilise the services of the village officer are: (a) Revenue Department; (b) Police Department; (c) Agriculture Department; (d) Bureau of Economics and Statistics; (e) Public Health Department; (f) Animal Husbandary Department; (g) Planning Department; (h) Panchayati Raj Department; (i) Public Works Department; and (j) Social Welfare Department. Eyen some of the departments of the Central Government like central excise and income tax, occasionally look to the village officer for assistance. In short the village officer has become a multipurpose functionary, and a focal point for the people in the rural areas. This has been so historically.

All government orders to the village are communicated through the village officer. He maintains law and order in the village. He is also a petty magistrate. The village officer is a certifying officer for many purposes and is

^{*} The author is highly indebted to Mr. P.R.K. Raju for his help in collecting the data through a questionnaire in a village.

¹Throughout this paper the term Village Officer is used to refer to his official designation 'village munsiff', who is the focus of study though by definition, a 'village officer' includes any person who holds any of the village office of headman, munsiff, patel, karnam, or patwari.

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entrusted with many regulatory functions. Though formally he is an insignificant officer, informally, and in the Indian context, the village officer occupies an important and unique position in the administrative set-up, by virtue of the combination of functions in him in consonance with the close and integrated life of the people at the village level.

However, after independence, the role of the village officer has undergone a change. Some of his functions have changed in their relative importance and scope under the impact of democracy, the new economic and social objectives and the national plans. The rise of the panchayati raj institutions and the creation of new departments and the extension of their hierarchies down to the village level are the other reasons that have similarly reduced his position, functions and role. Though he still has the traditional regulatory authority, his prestige and status have declined. His undisputed and exclusive position as the sole agent of the government and as the key person of the village also has been eroded. He now shares his powers with the village panchayat. Nevertheless, he remains even today the pivot of village administration, especially because he takes care of public interest and governmental interest in general at the level of the basic unit of administration.

VILLAGE OFFICER AND HIS ESTABLISHMENT IN ANDHRA PRADESH

The village officer is called by different names in different parts of the country. He is called the 'patel' and 'munsiff' in Andhra Pradesh, the 'patel' in Bombay, 'karnam' in Madras, 'mukhia' in Madhya Pradesh, 'lambardar' in Punjab, etc. By whatever name he may be called, the nature of his functions and powers is more or less the same. In Andhra Pradesh there are some differences between village level government establishments in the Andhra and Telengana regions of the State due to historical accidents. The former was in the Madras state earlier under British rule and the latter under the Nizam's rule. The village establishment in the Andhra region consists of:

Headman or Munsiff
 Karnam⁴
 Village Officers
 Vetti
 Ghantagalasu⁵
 Village Servants

²and³ The term 'patel' is used in the Telengana region. In fact there are two patels in the villages of Telengana region, one for revenue—the mali patel, and the other for law and order called the police patel. The term 'munsiff' is used in the Andhra region of the State and he performs both revenue and police functions.

⁴In the Telengana region the karnam is called patwari.

^{5&}quot;Ghantagalasu" is responsible for proper distribution of water through canals and subcanals. He keeps the locks of all water gates.

In the Telengana region, besides the Patwari (karnam in Andhra region) there are two other village officers, viz., the mali patel⁶ and the police patel. While the mali patel is in charge of collecting land revenue, etc., the duties of the police patel are maintenance of law and order, maintenance of births and deaths registers, maintenance of registers relating to accidents, criminals, vaccinations against small pox, etc. Thus in the Telengana region there is a separation between the revenue and law and order functions while in the Andhra region they are combined in a single functionary.

APPOINTMENT, QUALIFICATIONS AND CONDITIONS OF SERVICE

Rule 4 of the Andhra Pradesh (Andhra Area) Village Officers' Service Rules, 1969,7 says that "there shall be appointed for every village, or a part of a village, or for a group of villages, such number of village officers and village servants as the Government may, from time to time, consider necessary."

The revenue divisional officer is the appointing authority for the village officer, namely, the village munsiff. However, if filling up of any vacancy in accordance with the rules is likely to cause delay, the tehsildar can entrust the additional charge of a village to the village munsiff of the neighbouring village.⁸

Till recently village munsiffs were appointed on the basis of hereditary principle. But the Supreme Court, in W.P. No. 133/59, held that Section 6(1) of the Andhra Pradesh (Andhra Area) Hereditary Village Offices Act. 1895 (Madras Act. III of 1895) embodying the hereditary principle of succession to village offices, was repugnant to the fundamental right to equality guaranteed by Article 16 of the Constitution of India. It was held that the village office is an 'office' under the state and not a 'property'. In view of the far-reaching implications of this judgement, the Government of Andhra Pradesh constituted a committee headed by Shri K.M. Unnithan to examine the matter. It was on the recommendation of this committee that the hereditary principle was abolished. Now the post of the village munsiff is open to all aspirants possessing the following prescribed qualifications.

A person desirous of seeking appointment to the post of a village munsiff is required to have "adequate knowledge of rural conditions in general

⁶The word 'mali' is derived from the Urdu/Persian word 'mal' which means 'revenue' and hence the functionary collecting revenue was designated as the 'mali patel'.

⁷The rules (hereinafter referred to as the Village Officers' Service Rules) have been formulated by the Governor pending legislation under Art. 309 of the Constitution of India, after abolishing the hereditary system of village officer.

⁸Village Officers' Service Rules, Rule 5(2).

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and the village concerned in particular, and also knowledge of revenue matters." He should be: (i) not less than 18 years; (ii) physically and mentally capable; (iii) not have been convicted by a criminal court, and (iv) not have been dismissed from any post under government. To Further, a candidate must have passed at least fifth standard or its equivalent examination, and must have passed the village officers' special test covering the powers and duties of village officers and village sanitation. Thus the qualifications require knowledge of the place of his service and some proficiency, which is tested in a job-oriented test, both of which ensure that only the most suitable are appointed. This is a unique feature when compared to the past. To

A village munsiff is required to furnish security to the extent of 25 per cent of the total land revenue demand of the village. It is obvious that this is intended as an insurance against embezzlement or misappropriation of the revenues collected. This is yet another unique feature.

A village officer is only a part-time government employee¹⁴ largely because it is considered that his duties are simple and do not require his full-time attention. Consequently his pay is very low. The village munsiff is paid only Rs. 86 per month.

Certain restrictions and obligations are also imposed on the village munsiff. These deserve mention. He is required to reside in his own or one of the villages under his charge. He is required to keep all registers, accounts and records in his personal custody and produce them whenever required by either the tehsildar or collector or any other officer authorised by them. A village officer is prohibited from taking part in politics. He cannot contest for elections to the State legislature or any local authority including gram panchayat.¹⁵ This restriction is intended to prevent the village officer from misusing the influence he has gained by virtue of holding an office.

15 Ibid., Rule 22.

⁹Village Officers' Service Rules 10(2)(i)(a) and (b).

¹⁰Ibid., Sec. 10(2)(ii).

¹¹Village Officers' Service Rules, Rule 10(3)(i) and (ii).

¹²The rules are such that they seem to favour the continuance of the hereditary system, for, none except the sons of the village officers of the erstwhile hereditary system can hope to get necessary initial training so as to fulfil the qualifications both in their letter and spirit. Further, those outside the village concerned cannot think of applying because they will not have adequate knowledge of the place concerned.

¹³The 1961 Village Officers Enquiry Committee also felt that in view of the fact that the hereditary system of succession is no longer in vogue, some sort of security may be insisted, particularly as they are entrusted with the duty of collecting government dues and large amounts are likely to be handled by them.

¹⁴Andhra Pradesh (Andhra Area) Village Officers' Service Rules, 1969, Rule 15.

While thus some restrictions are imposed in public interest, he is permitted to take up some subsidiary occupation like branch post-mastership in the village under his charge, ¹⁶ which, while adding to his meagre income, due to his being treated as only a part-time employee, enables the government to render some services to the village people. However, such subsidiary occupations can be taken up only after informing the tehsildar in writing. Of course, the higher authorities can ask him to give up such occupation if they are satisfied that such occupation is detrimental to his normal duties as a village officer. ¹⁷

DUTIES AND FUNCTIONS OF THE VILLAGE OFFICER

The duties and functions of the village officer in the Andhra region are defined in the Village Officers and Ryots Manual. 18 There is a formidable list of functions to be performed by him. He has to keep uptodate all village records dealing with assessment, ownership, tenancy, mortgage and boundary. He has to collect land revenue and other government dues like recovery of loans, etc. He exercises police powers under the Andhra Pradesh (Andhra Area) Village Police Regulations of 1816 and 1821. 19 He sends reports about crimes and other matters having a significance from the point of view of law and order. He turns out persons of bad character from the village, and reports to the police, the occurrence of all crimes in the village. In short, he maintains law and order in the village. He can try petty suits under the Andhra Pradesh (Andhra Area) Village Courts Act, Act I of 1888.20 He is responsible for the health and sanitation of the village and for informing the government of any contagious or infectious disease that may break out in his village. He is responsible to keep a watch on all government trees in the village. He has to send monthly reports on fire accidents, floods, drought, etc. It is also his duty to undertake relief measures if asked by the Government. He maintains cattle pounds and village chavadies.21 He maintains vital statistics, i.e., births and deaths registers, vaccination registers, etc.

¹⁶Andhra Pradesh (Andhra Area) Village Officers' Service Rules, 1969, Rule 17.

¹⁷ Ibid., Rule 18.
¹⁸The duties and functions of the village officers in the Telengana region are enumerated in "Dastur-ul-Amal" and "Dastur-e-Dehi".

¹⁹Under the Act he has powers to inflict punishments in cases of trivial offences like abusive language, inconsiderable assaults, affrays, petty thefts, and to conduct preliminary enquiries when the dead bodies supposed to have been murdered, are found.

²⁰Under Sec. 7 of the act, village munsiffs are appointed by the collector in villages where there are no panchayats. Section 13 says that the village court can decide cases involving claims for money due on contract or for the immoveable property or for the value of such property or for any tax, fee due to a local authority when the debt or demand does not exceed in amount or value of Rs. 50. The court can also take up cases involving upto Rs. 200 with the written consent of the two parties. Thus though a village is provided with a court for the benefit of the people, it is rarely approached and so it has become more or less defunct.

²¹ 'Chavadt' is the name given to the building where generally village people meet. Generally taxes, etc., are collected at this building.

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He is in charge of general administration and assists the various departments of the government at the village level. He attends to the needs of the officials visiting the village. He is not only the ears and eyes but also the hands of the government in the village. He is the fulcrum around which governmental administration at the village level revolves.

PURPOSE OF THE STUDY

In this study an attempt is made to know the public image of the village munsiff (popularly known as the village officer). For, in a rural society, consisting generally of ignorant and illiterate people, depending mostly on agriculture, a public functionary like the village officer has a distinct position. But the distinct position is subject to his image among the people with whom he has to have contacts and whose support is vital for his successful functioning. And it is the image of the village officer that speaks of the quality of administration. In this context, the term 'image' is taken to mean the impression and opinion of the people about the village officer. The major elements that determine his image appear to be the following: (1) method of appointment; (2) functions; (3) relations with the public; (4) relations with public functionaries; (5) attitude to politics; (6) status, position and dignity; (7) usefulness, helpfulness and efficiency; and (8) personal qualities.

METHODOLOGY OF STUDY

Consistent with the purpose of the study, the survey method has been used. But the survey is confined to a single village. However, within the very limited universe of the study an analysis has been made of the various aspects of the subject. While following the purposive sampling method, since this study is only exploratory, the effort has been to get the views of different age groups, income groups, caste groups including scheduled castes, scheduled tribes and backward classes. Members of the village panchayat at present and in the past, government employees like school teachers, bank employees, policemen, the postmaster, the health visitor, etc., were also contacted. In all, 100 persons of the village (about 17 per cent of the population) responded to the questionnaire. The questionnaire was in the local language, namely, Telugu. While some of the questions were structured, others were openended. Interview was taken from some village people who were illiterate and very old. All the respondents were males who alone could be approached in the village and also because they alone had direct contact with the village officer and a knowledge of his activities. Incidentally, it may be mentioned that the public response to the study was not so very encouraging (though some people were frank in giving their response). This is understandable and obvious in view of the situation in the village. The respondents belonged to different age, income, caste, and occupation groups. The details can be seen in the Tables. Data has been analysed in terms of percentages (which turned out to be easier in view of the fact that the number of respondents was exactly 100) and a few correlations. The figures in the text should, therefore, be read as percentages.

THE UNIVERSE OF THE STUDY—THE VILLAGE AND ITS VILLAGE OFFICER

The village selected for this study is situated in one of the coastal districts. It is predominantly agricultural. According to the village officer's record, the village consists of 96 families with a population of only 600 people. The prominent castes in this village are the *kshatriyas* (or Rajus), *naidus* and *velama doras*. There is also a separate colony or *Palle*,²² occupied by people belonging to the scheduled castes and tribes. The present village officer succeeded to this office on the hereditary principle twelve years ago.²³ He is a *naidu* by caste and is a middle class farmer also.

FINDINGS OF THE SURVEY

Appointment

That the image of the village officer is determined partly by the method of his appointment is evident from the following. To the question whether the respondents favoured the hereditary system or the merit system, involving open competitive examination, with a liability to be transferred, 67 respondents answered. Of these, only 11 preferred the hereditary system. Their contention was that if a village officer belonging to the same family succeeded to the office, he would be knowing almost from his childhood everybody and everything in the village. And such families carried special respect. They argued that if an outsider was appointed to this post on merit basis, the village might not respect him and the village leaders might not care for him. They pointed out that transfers were not good because if a new person came to a village, it would be very difficult for him to adjust with the local people, and understand local problems. And, by the time he came to understand something about the village, he might be transferred to another place, and thus cause confusion and lack of continuity. But in the light of the declining status and unfavourable image of the village officer felt by the respondents,24 these arguments by only a small minority do not seem to carry much weight.

On the other hand, 56 respondents were of the opinion that it would be

²²Palle means a separate colony where harijans and others usually reside.

²³All appointments already made to village offices prior to the Village Officers' Service Rules coming into force are deemed to have been made under the Rules. See Section 10(4) of the Rules. This is provided also under Sec. 2(2) of the A.P. Act 16 of 1969 which repealed the hereditary offices.

²⁴See subsequent pages for a discussion on this aspect.

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better to fill up the post on merit through a competitive examination with a liability to be transferred. They thought that better candidates could be selected this way. And, if transfers were made periodically, the village officers would not develop any vested interest. They were not likely to take part in village politics as intensely as the hereditary village officers. They would act and work impartially. Their capacity could be improved by making them gain experience by working in different places. The respondents mentioned also that the present village officer was having land in his village. If transfers were made, people like him would resign, and thereby give opportunity to candidates with no landed property and income. Consequently such people might take an interest in their official work. Thus it appears that the village officer appointed on the hereditary principle does not seem to carry a favourable image; a village officer appointed on merit basis may. This involves a change in the method of appointment.

However, there is some weight in the arguments given by the two groups; it appears necessary to strike a balance. While reserving the post to a local person (i.e., residential qualification), higher educational qualification like, say, SSLC or SSC may be prescribed and a competitive examination conducted among the eligibles. In view of the fact that educational facilities are available now in villages it should not be difficult to get candidates with better educational qualifications. This will ensure selection of better and more suitable persons for the post and thus a favourable image of the village officer.

Functions of the Village Officer

The range of functions of a government functionary also seems to contribute to the image formed by the people. The rural people seem to entertain a notion that a public functionary like the village officer, staying close to them, must be some kind of a 'fused' general authority, without much of functional differentiation or specialisation. While listing out the functions expected of him and while not forgetting to list out his governmental functions, the respondents expect him to perform certain non-governmental functions also. This is quite natural since they are aware of their ignorance and very limited knowledge and experience which seem to hinder their desire to lead a better life. This is evident from the following. In response to the question as to what functions they expected the village officer to perform, the respondents mentioned the following:

- 1. collection of revenue;
- 2. maintenance of law and order and peace in the village;
- 3. registration of births and deaths;
- 4. village sanitation;
- 5. providing medicines and vaccination;

- 6. arranging drinking water facilities;
- 7. rendering services during relief operations;
- 8. living together with village people;
- 9. helping the people when they are in difficulty;
- 10. advising the people; and
- 11. reporting in time to higher authorities about the difficulties of village people.

The services mentioned at 4, 5, 6, 8, 9 and 10 above are expected by 26 respondents. They expect that the village officer must be something more than a mere revenue functionary. From these expectations it can be inferred that in view of his not performing these duties at persent, the image of the village officer is not as high as it could be. They seem to feel that in view of the failure of the representative bodies to provide these services, the village officer, at least as a government servant, should take care of some basic needs listed at 4, 5, 6 and 11 above. They seem to be eager also to have his advice and help—a function beyond his officially prescribed role. Thus it appears that if the scope of his functions is enlarged in accordance with the expectations of the people, the image of the village officer can be better and his usefulness improved.

The Village Officer and the Public

To a question whether the village officer can be met any time, 89 respondents said that they could meet him easily at any time, anywhere. But they pointed out that he was available mostly in his field during the day rather than at his house (i.e., office). This indicates that while accessible, he is not available. This is not a point on which the village officer can be criticised, for, he is, after all, a part-time servant.

To a question whether the village officer informs the higher authorities in time about the views and difficulties of the village people, 57 respondents said 'no'. The same number of respondents also pointed out that he never advised people or even the gram panchayat about anything. It appears from this that he is strictly confining himself to his functions and does not bother about other matters of the village. This, again, cannot be a point against his image. For, he is expected to perform only those functions which are efficiently entrusted to him. And, since there are representative bodies to take notice of the views and difficulties of the people, he cannot be expected to reflect them. May be, if he does it on his own in deference to the wishes of the people, his image would improve. But this may give scope for criticism. The village officer may be accused of crossing his 'boundaries' with a view to play politics or take undue advantage of his position.

The image of the village officer is formed partly also on the basis of his

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contact with the kind of people he chooses. It is observed by 35 respondents that he keeps company mostly with village elders, influential villagers, rich farmers and panchayat members, from whom he takes advise and help. It appears, therefore, that the respondents entertain a feeling of alienation by the village officer.

A point that tarnishes the image of the village officer has also been made by the respondents. While referring to his dealings with the general public, 69 respondents said that he was honest. Only 31 respondents have written that the village officer was corrupt.²⁵ Some respondents of the lower income group have said that though they themselves had not given any money to secure his favour, they had knowledge of his taking money. This confirms that there is some truth in the charge that the village officer generally lacks integrity.

The Village Officer and Other Public Functionaries

Unlike in the pre-independence days when only the village officer dominated the scene, the picture of administration at the village level has undergone some change due to the acceptance of planned development and extension of representative bodies in the form of panchayati raj bodies which are intended to take up development activities. Quite a few government servants either stay in the village or visit the place more frequently. Hence it is desirable to know from the people how the village officer fits in the present scheme. This is important because the village officer is in charge of the general administration of the village. He is the principal source of all information regarding village administration. Consequently many officials invariably come into contact with him.

But only 24 respondents answered this question; the others did not show any awareness about the relations between the village officer and other officials. The former group, including some officials, said that there was harmonious relation between them and the village officer and that they cooperated mutually. Officials like the policemen, the health visitor, the postmaster, etc., have a very good impression of the village officer. All of them agreed that the village officer was cooperative, helpful, polite, social, and broad-minded. Of course, two policemen and one school teacher pointed out that he was involved in panchayat elections. But they felt that it did not affect his relations with them. The above three respondents have observed that, though the village officer is not highly educated, he is an efficient worker, 'rule-knowing', 'helpful to people', 'careful' and 'enthusiastic', etc. One school teacher remarked that the village officer was a very 'short tempered'

 $^{^{25}}$ This is a delicate and embarassing question to the rural people who will not like to come out openly and offend the village officer. Therefore it is difficult to expect any larger response than this.

and 'irritating' man. Thus a qualitative analysis of the responses shows both sides of the qualities of the village officer. What is significant is that while the respondents who happened to be government servants gave a good picture of the village officer, others did not.²⁶

The Village Officer and Village Politics

The village officer, as a public functionary, is expected to keep himself aloof from political activities. As a rule, ²⁷ he is prohibited from taking part in politics either directly or indirectly, and is prohibited from contesting for election to any local authority, including gram panchayat, or to the State legislature. How far does he conform to this rule? A question was asked as to whether he participated in village politics and elections. Table 1 gives the response to this question.

TABLE 1
Participation of Village Officer in Village Politics

Resp	Responses		
Yes		76	
(He is actively participat	ing in Panchayat Politi	ics)	
No		10	
(He is not participating)			
Question not answered		14	
To	al	100	

It can be seen from the above Table that as many as 76 respondents said that the village officer was an active participant in village panchayat politics. This can be substantiated by the fact that his son was a member of the panchayat and his cousin was its *sarpanch* and hence he could not be out of politics. It may, however, be said that participating in politics is not a unique feature of this village only, it is common in almost all villages. After all, the village is a compact place and no wonder the village officer, who is also a native of the village, gets tempted to participate in village politics, which is perhaps inseparable from the day-to-day life of the village. It is perhaps on this ground that the Village Officers' Enquiry Committee recommended the

²⁷Village Officers' Service Rules, Rule 22.

²⁶See later pages for an account of the overall image of the village officer.

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village officer to be made an ex-officio member of the village panchayat without the power to vote. 28 But it was rejected by the Board of Revenue 29 on the ground that it would tempt him to participate in local politics still more actively and to a much larger extent neglect his normal duties and that therefore he might be not impartial in the performance of his duties, especially the regulatory ones. Indeed, such participation has created an impression among the 76 respondents that he appears to give favours to his political friends and neglect or be indifferent to the needs and grievances of others. This was confirmed also during discussions with the villagers. Consequently the image of the village officer falls low on this count.

Status, Position and Dignity

An important aspect of this study relates to a comparative analysis of the status, position and dignity of the village officer prior to and after independence. During the days of the British, the village people feared the alien government, which was more or less autocratic and authoritarian. To the village, the patel was for all, save the largest landlords, a more powerful figure than the remote collector or even the remote governor. He was a person to be propitiated and this atmosphere extended to most minor officers in direct local contact with the people. In short, he was a despotic ruler of the village. But after independence, and the advent of democracy, the government and administration are responsible to the people. People have become conscious of their rights. So any abuse of power or authority is not tolerated. Moreover, representative bodies like the village panchayats which are closer to the people have developed their own influence over governmental functionaries including the village officers. These two factors seem to have contributed to reducing the status of the village officer from almost that of a dictator to that of an ordinary government servant.

When this aspect was enquired into, 32 respondents claimed that there was no change in his status, dignity, position and power when compared to the past and 60 respondents remarked that his status, dignity, position and power had all come down considerably after independence. But very few respondents gave reasons for this change. They are:

- 1. Attainment of independence.
- 2. Adoption of democracy.
- 3. His political involvement.
- 4. Lack of adequate knowledge on the part of the village officers.
- 5. Abolition of the hereditary principle of succession to office.
- 6. Introduction of panchayati raj institutions.
- 7. Bad personal qualities of the village officer.
- 8. His poor pay conditions, etc.

²⁸See G.O. Ms. No. 207 Rev., dt. 28.1.1959, Recommendation No. 10, made by the K.N. Anantaraman Committee, 1957-59.

After the introduction of panchayati raj, the position of the village officer has declined still more. Now the important and influential person is no more the patel, but the sarpanch of the gram panchayat. Moreover, some of the powers and functions of the village officer have been transferred to the village panchayat. One very important result of panchayati raj has been the disappearance of the fear of the officials in the minds of the people. In this regard, the village officer himself is also of the opinion that his position, power and status have decreased considerably. He told the author³⁰ that when his father was a village munsiff (before independence) nobody in the village dared to speak against him. But now, he said, people were not afraid of him and considered him as just another person and an ordinary public functionary. The exalted image he carried earlier had come down.

USEFULNESS, HELPFULNESS AND EFFICIENCY

What is the overall image of the village officer held by the respondents classified on different criteria? The overall image was sought by asking two questions: (a) 'Do you think the village officer is useful and helpful to youg'? 31 and (b) 'Do you think that your village officer is discharging his functions properly and efficientlyg'? 32 The opinion of the respondents is given in four different Tables. Table 2 gives an analysis of the responses categorised on the basis of age.

TABLE 2

Is the Village Officer Useful, Helpful, and Efficient?

SI. No.	Age group	No. of Respondents	Responses				
NO.		xesponuents	Useful and helpful Q. 13		Efficient Q. 21		
			Yes.	No.	Yes	No	
1.	Less than 20	10	3	7	0	10	
2.	21—30	22	9	13	4	18	
3.	31—40	30	16	14	15	15	
4.	41—50	26	16	10	18	8	
5.	Above 50	12		12	12	- 1	
	Total	100	44+56=100 49+51=10				

³⁰From an interview with the Village Officer of the village chosen for study.

³¹Question No. 13 in the questionnaire.

³²Question No. 21 in the questionnaire.

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While 44 Per cent of the respondents said 'Yes' to question 13, 49 per cent said 'yes' to question 21. Those who said 'No' to the same two questions constitute 56 per cent and 51 per cent respectively. Thus those who say 'No' are more. But the difference does not appear to be significantly high when compared to those who said 'Yes'. There is, however, a sharp division in the third category of respondents, *i.e.*, those belonging to the middle age of 31 to 40 years, where there is an equal distribution. But what is significant is that the younger respondents in the first and second categories saying 'No' are more. The higher age group is inclined towards 'Yes'. It may, therefore, be said that the younger people consider the village officer as not useful, unhelpful and inefficient.

What is the overall image of the village officer in the eyes of the respondents belonging to different income groups? This can be seen in Table 3.

Table 3

Is the Village Officer Useful, Helpful and Efficient?

Sl. No.	Income (in Rs. per annum)	No. of Respondents	Useful and Helpful Q. No. 13		Efficient Q. No. 21	
			Yes	No	Yes	No
1.	Less than 5,000	54	11	43	14	40
2.	5,001 to 10,000	24	15	9	12	12
3.	10,001 to 20,000	10	8	2	6	4
4.	20,001 to 30,000	7	5	2	6	1
5.	30,001 to 40,000	3	1	2	2	1
6.	Above 40,000	2		2		2
	Total	100	40	60	40	60

From the above Table it can be seen that more than half of the respondents said that the village officer was not useful to them and that he was not discharging his functions properly and efficiently. Interestingly, responses to both the questions were more or less equal in number showing the absence of any contradiction in the aggregate. Among the different income groups, it is the low income group respondents in category 1 (who are more) who

gave an adverse opinion. Though the large number of respondents in this category is only accidential, still it is their opinion which should count more for the purpose of this study.

Responses to the same questions (i.e., 13 and 21) have been analysed in Table 4 on the basis of the castes of the respondents.

TABLE 4

Is the Village Officer Useful, Helpful and Efficient?

Yes 36	No 17	Yes 35	No
36	17	35	10
		ンン	18
9	3	9	3
6	3	5	4
5	21	4	22
	6 5	6 3 5 21	6 3 5 5 21 4

Note: While 1, 2 and 3 categories are termed as forward castes, No. 4 group represents the scheduled castes and backward castes, etc. Backward class includes converted christians also.

Here again, broadly, the respondents are divided. But when seen castewise, while there is a close similarity in the opinion among the forward castes to both the questions, the weaker sections in category 4 are decidedly of the opinion that the village officer is not useful to them and that he is not discharging his functions efficiently. Though the latter group is small by accident, their opinion confirms the statement frequently made that they are neglected in the rural areas.

What opinion do the respondents have of the village officer when they are classified according to their occupations? This is presented in Table 5.

TABLE 5

Is the Village Officer Useful, Helpful and Efficient?

Sl. No.		Occupation	No. of Respondents		Useful and Helpful Q . No. 13		Efficient Q. No. 21	
	-		*		Yes	No	Yes	No No
1.		Students	9		3	6		9
2.		Policemen	2		2		2	
3.		Health visitor	1		1	-	1	
4.		Bank employees	2			2	1	1
5.		School teachers	2			2	2	
6.		Postmaster	. 1		1	1	1	
7.		Politicians*	12		8	4	7	5
8.		Farmers	58		35	23	30	28
9.		Labourers	13		2	11	1	12
		-			·			
	Total		100		52	48	45	55

^{*}This term refers to the members of the village panchayat.

It is evident from the above Table that only three groups are significant, with the farmers constituting the largest group, and the labourers and politicians being close to each other in their representation in the sample. Students also constitute a fair number. The overall picture is more or less an equal division. However, while most of the labourers said 'No' to both the questions, there is more or less an equal division among the farmers. Most of the students have a very adverse image of the village officer. Public employees in categories 2 to 6, constituting 8 respondents, have a favourable overall image of the village officer.

Summing up the image of the village officer as it emerges from the four Tables. There does not appear to be a firm or decided opinion either favourable or unfavourable to the two questions, because the respondents are

more or less equally divided; but from the basis of the characteristics of the respondents, a slightly different picture emerges. The lower age-group, the low-income group, the group belonging to the weaker sections, and those groups belonging to the labourers and students, and a large number of farmers, carry a poor image of the village officer.

Assuming that the image of the village officer carried by the people is formed on the basis of his usefulness and services to them, the enquiry was directed to finding out how far he was useful.³³ Only a few respondents gave answers and they are as follows:

- 1. Collects revenue and other dues to government.
- 2. Settles quarrels/disputes.
- 3. Useful and helpful in giving certificates.
- 4. Conducts relief activities.
- 5. Informs higher authorities about village conditions.
- 6. Takes precautionary measures to protect village health, etc.

Those who said that he was not useful and helpful give the following responses:

- 1. Never gives certificates in time to needy persons, and one has to go at least four to six times.
- 2. His services are not selfless.
- 3. He is partial and neglects the poorer sections of the community.
- 4. He is intimate only with village elders.
- 5. He is interested in his own 'field-work' rather than in his official work, etc.

Again, on the same assumption, the respondents were asked to state the reasons why he was not discharging his functions properly and effectively, if they thought so. Only a few replied and gave the following reasons:

- 1. He is participating in village politics.
- 2. He is having more land.
- 3. He is very old.
- 4. He is uneducated.
- 5. He is not intelligent, etc.

Personal Qualities

That the public image of a person or functionary very much depends on his personal qualities especially in a traditional rural society is borne out

⁸³Question No. 13 in the questionnaire.

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from the free and frank reference to the personal qualities of the village officer by the respondents. Those who did not express satisfaction about the village officer's work, drew attention to his following bad qualities: corrupt, crookish, cunning, drunkard, debauchee, not easily accessible, lazy, less sophisticated, uncivilised, does not show sympathy, does not mix freely with people of younger age group, does not talk with members of the youth association, neglects poor people, selfish, shows partiality, interested in his own personal work and agriculture and not in official work, seen with his castemen and influential persons, etc.

Those who expressed satisfaction about the village officer's work drew attention to his *good* qualities: friendly, cooperative, democratic, disciplined, clever, honest, simple, polite, calm-going, hard working, ready to help, fair and impartial to all, a good man and not harmful to anybody.

Those who drew attention to the good qualities of the village officer belonged to the higher income group and were upper caste people. It appears that this is perhaps largely due to their desire to keep the village officer in good humour. As a result of this, and obviously, the village officer seems to have been neglecting the low castes and weaker sections of the village and the low income persons. No wonder they consider him as not useful and draw attention to his bad personal qualities.

An Assessment of the Image of the Village Officer

A critical assessment of the responses given by the one hundred villagers reveals a contrast. While there is considerable dissatisfaction about his work among the very small cultivators, landless labourers and youngmen, lower income groups, weaker sections, the middle and higher income groups, village elders (above 40 years of age) have given a good account about him.

The factors connected with the adverse image of the village officer in this village are:

- (a) Appointment on hereditary basis instead of merit;
- (b) Confining himself to official functions;
- (c) Tendency to alienate people belonging to the poorer and weaker sections;
- (d) Favouring the rich who alone are given help and concessions in taxes, much to the neglect of the poor;
- (e) Not being in a position to give to the weaker sections all that they want and the kind of concessions they are entitled to;
- (f) Dependence on the elected leaders and influential villagers for all his work;
- (g) Being busy with his own agricultural work;

- (h) Being more intimate with the elderly people of the village;
- (i) Being more close to his own castemen and rich farmers;
- (j) Participation in political activities affecting his impartial functioning;
- (k) Very little education;
- (1) Bad personal character including lack of integrity.

The respondents' image of the village officer more or less coincides with what the village officer himself thinks about the villagers.34 The village officer has a very good opinion about the village elders, government officials, rich farmers, etc., which has been testified to by the respondents. He says that they are cooperative and understanding and prompt in paying taxes, and that they are polite and friendly towards him. He thinks that no villager has enmity or bad feeling about him. He says that he has good personal relations with all village people irrespective of caste, income or occupation. According to him all cultivators have a good opinion of him. He thinks that the poor farmers do not entertain a very good idea about him (confirmed by respondents) because he demands the taxes due from them which they are not in a position to pay, and because he is not in a position to grant any concession or relaxation, whenever they seek such relief. Moreover, because of his reporting to the police all the quarrels that arise generally among the poor he is disliked by many. However, he feels that they do not carry any enmity personally against him.

That the personal qualities of a public functionary determine his image is evident from the responses given to question 26.35 Those who carry a good image of the village officer used such terms as 'honest', 'hard working', 'simple', 'peaceful nature', 'calm-going', 'cooperative', 'democratic' in listing out his personal qualities. Those who did not have a good opinion of the village officer used such terms as 'lazy', 'corrupt', 'unfit', 'drunkard', 'debauchee', etc. From this it appears that these personal qualities seem to determine the favourable or unfavourable image of the village officer. This is evident from the observations of the villagers. A casual discussion with some villagers revealed that they still attached a lot of value and importance to the good qualities of a person and therefore they expected the village officer, being a villager, residing, working and sharing his life with the village people, to conform to the qualities cherished by the people of the village. This should give a clue to the village officer as to the qualities that would help him in projecting a better image of himself and thereby secure a greater acceptance of him by the village community. Moreover, since the efficiency and efficacy of revenue administration very much depend upon the village officer, and

³⁴ From an interview with the village officer.

³⁵Question No. 26 in the questionnaire.

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whose image, in turn, determines the image of the government, it appears necessary to search for men of integrity at the time of the initial appointment itself. Needless to say that the performance of his functions would be a relatively easier task by virtue of his personal qualities to which the villagers attach great importance.

Besides, the village officer must develop great faith in the farmers who are the backbone of our economy. He must help them in as many ways as possible. Being an influential member of the village community he can teach the peasants to make better use of their time, and improve their health and wealth. He can also protect them from exploitation by middle men. If not directly, he can use his good offices and act through others. With such additional responsibilities taken voluntarily, it should not be difficult for him to acquire a good image and to get him wholeheartedly accepted by the village community. This is evident from the responses given to the last question³⁶ about any other views on this subject and suggestions. The respondents mentioned that: (i) the village officer should be an educated man, (ii) he must take part in village developmental activities and other social welfare activities though it is not his obligatory duty, (iii) he must take the advice of the village people in his work, (iv) he should not discriminate people on grounds of income or caste, (v) he should learn promptness and punctuality, (vi) he should not take part in village politics; (vii) he must share the joys and sorrows of the village people, and so on.

To sum up, despite his important position and role, empirical studies on the image of the village officer are lacking, and hence this survey was undertaken. But a clear picture does not appear to emerge either in favour of the village officer or against him. Therefore, further studies in this direction are necessary. However, some assumed determinants of his image seem to have received confirmation. The personal qualities of the village officer, his attention to duties, his usefulness to the people, his accessibility, his social relations, his relations with other public functionaries and his attitude to politics appear to be some factors which go to make up his image in the eyes of the people at the village level.

³⁶Question No. 40 in the questionnaire.

Administrative Decentralisation in Punjab: The Village Cluster Development Programme

S. K. Sharma

TN this paper, an effort has been made to critically examine the administrative components of a very ambitious programme of integrated rural development being implemented in Punjab. The basic premise is that in the absence of proper administrative decentralisation, a programme of such magnitude and dimension may not make a breakthrough to change the stagnant rural economy. Interviews with the implementors and field visits show that: (a) there is a hiatus existing between the rural poor and the bureaucracy, strong enough to dilute the effort, (b) the general infrastructure for development is inadequate to take extra burden, (c) the delivery system, specific to the needs of the rural poor, is ineffective, (d) the excessive centralisation of authority at all levels is sure to have its repercussions at the field level, (e) people's participation whether through the panchayati raj. voluntary associations or cooperatives is minimal, (f) micro-level planning is almost non-existent, (g) district administration is not equipped with professional manpower, (h) decentralisation, delegation, discretion, etc., is only on paper, on a theoretical plane, (i) special programmes have been superimposed on the ongoing district programmes, (i) there is too much emphasis on monthly and quarterly returns and a multitude of regulations, and (k) inquisitorial systems of inspection, and particularly in audit exists. An attempt is also made to explore answers to some of these emerging problems so that administration becomes more egalitarian and responsive to popular demands. No claim is made to formulate any theoretical scheme for depicting patterns of development; at best this exercise provides some insight into the administrative machinery which has been called upon to adapt itself to the developmental tasks.

BASIC CONCEPTS AND OBJECTIVES

The Punjab Government has launched the five village cluster development programme —a new strategy for integrated rural development to bring

¹Norman Long, An Introduction to the Sociology of Rural Development, London, Tavistock, 1977, Ch. III.

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about the much desired improvement in the socio-economic life of rural Punjab. Punjab is the first State to embark upon a Rs. 302 crore project and the programme is the first in Asia in its approach and implications.² Beginning with the community development programme in 1952, various types of strategies have been adopted. Model village scheme, jayanti village scheme, habit villages and adopted villages were taken up to change the living conditions of the rural masses, but the problems of unemployment and rural poverty continue to elude solution. The new thrust is an effort requiring vast resources and human involvement initiated in a phased manner to achieve a breakthrough in rural development.³ All the twelve thousand villages in the State are to be covered within a short span of about five years. The aim is to ensure equitable distribution of development efforts through the development of focal points. Work has been initiated in 585 villages choosing five villages, including one focal village, in each of the 117 development blocks.⁴

Improvement in agriculture in Punjab has brought new prosperity to the rural sector but it has not corrected regional and sectoral imbalances and social tensions. The major objectives of the new programme are to: (a) provide full and gainful employment, (b) achieve at least 50 per cent increase in agricultural production, (c) revive/intensify traditional rural industries and trades, (d) facilitate development of cottage and small scale agro-based and ancillary industries, (e) assure full development of local resources, (f) ensure that weaker sections of the rural society are enabled to participate in the development process.⁶ To achieve these objectives, a multi-dimensional approach has been adopted giving priority to a comprehensive survey of resources in the selected areas, a systematic analysis of problems and needs of development, formulation of action-oriented schemes and continuous monitoring of their progress. Within 5 kms of each village, there is a focal point. For planning purposes, the State has been divided into 500 units with an area of 100 sq. kms. each with a hope that multi-sectoral investment and activity in the focal points would lead to the generation and dispersal of economic development in the periphery. In the first phase, facilities like banks, cooperative retail shops for agricultural inputs and essential commodities. agro-service centres with custom and repair facilities for tractors, diesel engines and other agricultural implements, marketing yards, post offices and

Development Programme, p. 5.

⁹The programme was inaugurated by the Prime Minister on November 22, 1977 at village Assa Buttar near Muktsar.

³Robert O. Coppedge and Carlton G. Davis, Rural Poverty and the Policy Crisis, Ames, Iowa State University Press, 1977, Part I.

⁴Department of Information and Publicity, An Year of Development (1977-78), Government of Punjab, p. 2.

⁵Richard H. Day and Inderjit Singh, Economic Development as an Adaptive Process: The Green Revolution in the Indian Punjab, London, Cambridge University Press, 1977, p. 43. ⁶Government of Punjab, Project Report for 1977-78 to 1981-82, Integrated Rural

public call offices, hospitals and model high schools will be provided. The second phase facilities will include agro-based industrial units, cold storages, community centres, with library and T.V., stadiums, open air theatres, children's parks and measures to improve environmental sanitation of the villages.⁷

Starting from the grassroots, the scheme is to be ultimately worked upwards creating a hierarchy of growth centres with the necessary interrelations. Each block would have, on an average, five focal points and one or two of them will be developed into a major focal point, for that area, depending upon their location. Ultimately the major focal point is to be developed into an urban estate providing housing facilities, commercial centres and an industrial estate. The various needs of each cluster are determined on the basis of bench mark surveys and the schemes are chalked out accordingly. Although the major thrust would be for agriculture, animal husbandry and cottage and small scale industries, more and more schemes relating to other fields will be drawn up to provide additional employment. Out of the total envisaged outlay of Rs. 302 crores, Rs. 90 crores would be financed by the government and the balance will be met by institutional finance.⁸

ORGANISATIONAL SUPPORT SYSTEM

Development of any region or area does not depend upon any one factor but is influenced by a multiplicity of factors, all of them inter-related to varying degrees. The fate of the rural poor today testifies Tawney's metaphor that "the position of the rural population" is "that of a man standing permanently upto the neck in water, so that even a ripple might drown him." In many cases, the small farmers living close to the subsistence margin, and subject to the vagaries of weather and the claims of outsiders, make their living at the cost of loss of status and autonomy.

A basic flaw in implementing the earlier strategies, proposals and policies was that though these were designed to assist the poor, they unfortunately invariably contributed to the further isolation of the poor and enhanced the stigma of poverty.^{II} To break this stigma, the poor must be integrated, rather than isolated.^{I2} Steps in that direction must involve the creation and expansion of services and income maintenance that are available to all, thus

⁷For details, see *Integrated Rural Development Programme: A Project Report*, Government of Punjab, Chandigarh, 1977.

⁸During the current year Rs. 14 crores have been earmarked for this purpose.

⁹R.H. Tawney, Land and Labour in China, Boston, Beacon Press, 1966, p. 77.

¹⁰James C. Scott, *The Moral Economy of the Peasant*, New Haven Yale University Press, 1977, Ch. VII.

¹¹Nicolas Luykx, "Rural Governing Institutions" in M.C. Blase (Ed.), *Institutions in Agricultural Development*, Ames, Iowa State University Press, 1971, p. 189.

¹²R.N. Azad, "Integrated Rural Development" in S.K. Sharma (Ed.), *Dynamics of Development: An International Perspective*, New Delhi, Concept, 1978.

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providing the non-poor a basis for identifying with and seeing self-interest in these changes. The extent to which this can be accomplished can hardly be measured; but along that path services will be made available to both the poor and the non-poor, and they will, perhaps, reduce the isolation.¹³

The administrative arrangements for implementing the programme have been chalked out in detail at all levels. At the State level, the development commissioner, assisted by the joint development commissioner, is responsible for coordination. A cell consisting of a statistical officer, an agricultural economist and a sociologist is to be created to look to the technical details. At the district level, the deputy commissioner is helped by the additional deputy commissioner (except in Ropar and Kapurthala) and for the purpose of coordination, the project officers of SFDA, MFALA, the deputy registrar, cooperative societies, the chief agricultural officer, the district animal husbandry officer, the district development and panchayat officer, etc., are attached to the latter who has also been given the necessary administrative control. At the block level, the block development and panchayat officer is in charge of the scheme. There are 117 focal points, and the staffing pattern is as follows:

- 1. Agriculture Inspector—one
- 2. Cooperative Inspector—one
- 3. Agri-Sub-Inspector—one
- 4. Coop. Sub-Inspector—one
- 5. Village Level Workers-two

Their headquarters will be at the focal point.

In each of the selected villages.

The inspectors at the focal point supervise the development work in all the villages. The sub-inspectors and village level workers stationed in other villages of the clusters are responsible for implementation of the programmes of all the departments. What is noteworthy is that the integrated rural development programme for the cluster is not implemented as a separate programme with its own chain of command, but is linked and coordinated with other block level programmes.¹⁴

DELEGATION OF POWERS

To ensure that the government remains an agency responsive to the people, the Government of Punjab has taken many steps to reform its administrative machinery. A sub-committee on administrative reorganisation and economy has been constituted under the chairmanship of the Chief Minister. Apart from streamlining the internal procedure in the secretariat, the State

¹³Chaim I. Waxman, The Stigma of Poverty, New York, Pergamon Press, 1977, p. 124.
¹⁴Refer R.C. Arora, Development of Agriculture and Allied Sectors, Integrated Area Approach, Delhi, Allied, 1976.

Government is devoting considerable attention to increase delegation of powers at all levels, in order to make government functioning more efficient. Efforts are being focussed on the main direction of delegation of powers in relation to administrative and financial matters and in relation to stores. Already the cabinet sub-committee has decided to delegate to each department complete powers in respect of stores and to restrict the role of the centralised store purchase agency. Similar proposals for delegation in respect of other matters are expected to be finalised shortly. It may be mentioned that the Administrative Reforms Commission had recommended that, in making delegations, the approach should be that powers to be delegated should be the "maximum possible rather than the minimum necessary."15 For achieving better results through this new development strategy, adequate delegation of powers at various levels is under serious consideration. Officers at state, district and block level would be given the necessary administrative powers to coordinate the programme with other departments. As the projects progress, there are bound to be bottlenecks and difficulties. 16 Unless there is adequate financial delegation at the district level, it would be difficult for the district officers to ensure effective implementation of the schemes. There is, therefore, a proposal that within the overall allocation of funds some authority should be delegated to the additional deputy commissioner at the district level and to the block development and panchayat officer at the block level.

DECENTRALISED PLANNING

Planning at whatever level should be viewed as a part of the whole exercise. The main purpose of advocating micro-level planning is to accelerate the process of decentralisation in the hope that a more systematic planning effort with a smaller coverage will help development process and improve it qualitatively.¹⁷ The block provides an observation platform in close proximity to the beneficiary group and thus helps to identify constraints inhibiting growth. It expands the area of people's participation in optimum utilisation of the growth potential of the area, leading to increase in income and employment. Recently the Dantwala Committee, recommending block level planning, has favoured the planning function for the blocks in the district to be undertaken by a peripatetic planning team located at the district level right under the overall supervision of the district collector.¹⁸ In Punjab,

¹⁵Report of the Administrative Reforms Commission on Delegation of Financial and Administrative Powers, 1968.

¹⁶David Pace and John Himtee, *Direct Participation in Action: The New Bureaucracy*, London, Saxon House, 1978, p. 111.

¹⁷Guy J. Pauker, F.H. Golay, C.H. Enloe, Diversity and Development in Southeast Asia: The Coming Decade, New York, McGraw Hill, 1977, p. 25.

¹⁸Report of the Working Group on Block Level Planning, Government of India, Planning Commission, 1978.

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for the cluster development programme, guidelines for preparation of cluster plans have been issued so that programmes are identified on the basis of a socio-economic diagnosis indicating the problems and resources for development. The planning units are to be functionally integrated to provide the necessary facilities to the users at one single place. The network of focal points so created will help in generating and absorbing growth impulses in the area, creating more job opportunities outside the agricultural sector in the rural area itself, and thus check the drift of the people from rural to urban centres. Government is, of course, concerned with the technical standard of microlevel planning, insulating it from rural political constraints, especially from the local leadership acting as a 'gate-keeper', preventing the flow of benefits for the weaker sections of the rural community.¹⁹

MONITORING AND EVALUATION

Programmes and projects often run into difficulties because of non-availability of certain inputs and lack of follow-up action.²⁰ There is provision for a special monitoring-cum-evaluation cell to look after programme implementation. The monitoring would essentially be based on:(a) a statistical system for collection of information and physical and financial targets and corresponding achievements along with critical narrative reports, and (b) a statistical system for reporting the impact of the programme. The narrative report is to highlight the following:

(a) reasons for shortfalls/delays/variations,

(b) current and potential problems/bottlenecks:

(i) having impact on immediate performance of programme, and

(ii) having impact on long-term performance of the programme.

(c) remedial measures —

(i) remedial/corrective measures underway,

(ii) action taken on previous decisions at higher levels, and

(iii) recommendations for further action at higher levels.

(d) outlook for accomplishing major projects and comparison with preceding outlook.

This work is to be entrusted to a cell which is to be headed by a class II statistical officer. The State will be divided into 3 parts, each entrusted to a unit comprising one research officer, two investigators and one statistical assistant. So far the cell has not been set up.

COORDINATION: THE WEAKEST LINK

Coordination is the most important administrative activity in which

¹⁹S.S. Park, Growth and Development, London, Martin Robertson, 1977, Ch. V. ²⁰Mervin Kohn, Dynamic Managing—Principles, Process Practice, London, Cummings, 1977, Part V.

every functionary is involved in one way or the other. Between unequally placed functionaries, there is not much challenge to the authority of office but any effort to coordinate the activities of co-equal agencies may come to a standstill when it is not institutionalised.21 Coordination may be exercised both in a procedural and a substantive sense; in the former, when it deals with the behaviour and relationship of the members and, in the latter, regarding the content of the various activities.²² At the State level, coordination is to be secured through an implementation and review committee under the chairmanship of chief secretary with the development commissioner, secretary, irrigation and power and industries as members. The concerned heads of departments are also members of the committee. At the lower level, arrangement for periodical meetings has been devised. Every Tuesday, there are weekly meetings at the cluster level and every fortnight, the additional deputy commissioner holds meetings at the tehsil level. The deputy commissioner collects all the district level officers each month for project evaluation and sends detailed information to the State headquarters on the prescribed proforma. Much reliance has been placed on official statistics and records. A very pertinent observation has been, "Bureaucrats load procedures on to procedures, add reports to reports, modify regulations with further regulations and pursue one circular with another...a pruning and simplifying of reports and procedures would release time and energy for more productive work, especially among field staff."23

It is true that a project may successfully generate local involvement in the initial stages, but forget the problem of sustaining it in subsequent stages. An effective two-way communication system, e.g., which insures a continuing dialogue and which affects project design and implementation is a necessary ingredient for project success. The system can be structured, building from the bottom to decision-makers at the project level in which problems are discussed in village meetings and transmitted to other levels. In unstructured or informal arrangements, effectiveness depends upon the motivation of the project staff members. Our enquiries show that too much time is being spent on discussions affecting field performance. Checks and counter checks are good, but too much reliance on them do create allergies.

RURAL DEVELOPMENT COUNCILS

There has been a developmental momentum which has been steadily gaining strength and propelling the rural economy towards economic diversification. The tasks and challenges emerging are such that they can no longer

²¹M.A. Muttalib, "The Theory of Coordination: Rediscovered and Reformulated", *Indian Journal of Public Administration*, April-June, 1978, p. 379.

Herbert A. Simon, Administrative Behaviour, New York, MacMillan, 1955, pp. 140-41.
 R. Chambers, "Simple is Sophisticated", Development Forum (United Nations),
 Vol. VI. No. 6, July 1978, p. 2.

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be handled from a distance in terms of administrative implementation or hierarchial supervision. The entire project depends on effective coordination at a decentralised level. Therefore the need for local elected bodies to supervise, coordinate and arrange for feedback. It is proposed to ensure people's participation by setting up rural development councils. It is envisaged that each cluster of five to six villages should have a rural development council consisting of representatives from panchayats of each village as also other people like ex-servicemen, progressive farmers and representatives of weaker sections. This body will be actively involved in the planning and implementation of the programme.

BUILDING DEVELOPMENT CAPABILITIES

A number of policies and programmes of rural development have been adopted but the basic thinking regarding the implementation role of the bureaucracy has mostly been conservative. Starting with the community development, the vertical hierarchical pattern of bureaucracy has been maintained. Under the panchayati raj, the hierarchy even moved from a dual control system to a triple control particularly at the block level where the extension officer was responsible to the BDO as the administrative head, to the samiti president as the political head and to the upper level technical departmental head. Bureaucracy, in order to be responsive to social change. has to provide for organisational flexibility and adoption of administrative policies which encourage experiments with new organisational forms.²⁴ The 'human factor' in the development process is not only a component in growth but crucial in fostering a 'culture of togetherness'.25 The need for training of the personnel officials as well as non-officials as a part of building up the manpower potential is vital in providing opportunities for exchange of views and cross-fertilisation of ideas.26

The Punjab farmer is generally better educated compared to his counterparts but still he lags behind in adopting the latest practices. The State Government has decided to organise training camps in the selected clusters of villages. The training programme for the departmental officials as well as others is to be coordinated with the Punjab Agricultural University. The objectives of such a training would be, *first*, to instil confidence in the prospective entrepreneurs and train them in the basic business and commercial aspects; *second*, imparting skill in the trade which they propose to take up.

²⁴Milton J. Esman and Norman T. Uphoff, "The Organisation of Rural Development", in S.K. Sharma, op. cit., p. 389.

²⁵Refer H.M. Mathur, "Training in support of Local and Intermediate Level Planning", U.N. Centre for Regional Development, Nagoya, 1978.

²⁶T.N. Chaturvedi, "Development: The Dynamics—Thorns and Thistles", in S.K. Sharma, op. cit., p. 694.

Facilities which are available at the focal points would afford the farmers easy accessibility to extension workers. At the district level, research and extension centres would be set up under the aegis of the Punjab Agricultural University to develop and diffuse new ideas and technologies in various sectors of the rural economy. So far only one course for block development officers has been organised and other programmes of training and research are under the active consideration of the State Government. It is one thing to create awareness and infrastructure for training but much depends on leadership, political and official, at the State and Union levels; upon creating situations which encourage those involved to aspire to the goal; upon showing at all levels how methods, approaches and attitudes can be changed.27 Another serious problem is the absence of social discipline. "In the absence of more discipline—which will not appear without regulations backed by compulsion-all measures for rural uplift will be largely ineffective. In principle, discipline can be effected within the framework of whatever degree of political democracy a country can achieve, in the end nothing is more dangerous for democracy than lack of discipline."28

PANCHAYATI RAJ INSTITUTIONS: INERT MECHANISMS

Though the scheme has been worked out in detail, the relationship between the implementational governmental machinery and the panchayats has not been clearly defined. The scheme has been finalised before the Asoka Mehta Committee was appointed and this was partly due to a number of developments conspiring to undermine the panchayati raj structures. Earlier, the Balwantray Mehta team had emphatically stated: "Development cannot progress without responsibility and power. Community development can be real only when the community understands its problem, realizes its responsibilities, exercises the necessary powers through its chosen representatives and maintains a constant and intelligent vigilance on local administration."29 The strengthening of democratic bodies below the State level is an imperative need from the political and socio-developmental perspectives. The institutional, structural and functional contours of the scheme of democratic decentralisation have to be in conformity with the strategies of rural development. The proposals to reorganise the panchayati raj structure is before the cabinet of the Punjab Government and before final recommendations are made, it may be better to appoint an expert committee to look into the functional necessities of the on-going development thrust. Panchayats could be equipped

²⁷Parmatma Saran, Rural Leadership in the Context of India's Modernization, New Delhi, Vikas, 1978, Ch. IX.

²⁸Gunnar Myrdal, Asian Drama: An Inquiry into the Poverty of Nations, New York, Pantheon, 1968, p. 895.

²⁹Report of the Team for the Study of Community Projects and National Extension Service, Volume I, New Delhi, 1957,

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to undertake limited managerial functions under conditions of continuous growth and sustained innovations. Ultimately (as has been recommended a number of times before by various committees and commissions), all the developmental functions relating to a district would have to be placed under the zila parishad on the Maharashtra pattern. Decentralisation should commence at the district level as the first point and its further movement below should be actively involved in the implementation work. Such a participation would remain incomplete unless panchayati raj institutions are vested with the authority to take their own decisions and plan according to their own requirements.

VOLUNTARY AGENCIES: FORGOTTEN ORGANISATIONS

The working of rural local institutions in Punjab for the last many decades shows that voluntary agencies have hardly been involved in any programme in any meaningful way. In the ambitious programme under discussion, there is no mention of any such role. The Government of India appointed a working group headed by Prof. Dantwala to go into the details of the organisation necessary at the block level so as to enable them to prepare block level plans.30 The working group recommended that voluntary agencies should: (a) help in administration of social services like health and nutrition, education, welfare programme and sanitation, (b) advise the block agencies in preparing block level plans, (c) energise conscientisation process making the weaker sections know of their rights conferred on them by existing laws, (d) act as primary interveners between rural poor and institutional credit organisations, (e) develop closer contact with voluntary agencies and utilise their sources for implementation of various credit schemes. (f) stand guarantee and deposit security on behalf of landless poor, (g) formulate bankable development schemes and get them financed by banks, (h) organise training of officials in block level planning. Another working group under the chairmanship of Shri B. Sivaraman, Member, Planning Commission, was also appointed to prescribe guidelines for selecting and associating voluntary agencies and monitoring their performance. This group also wanted full involvement of voluntary agencies in the planning and implementation of integrated rural development plans. However a close scrutiny of the recommendations of both the groups shows that there are different conclusions about the effectiveness of these agencies in the formation and implementation of rural programmes. It should not be ignored that these agencies work under several constraints—financial and organisational. They have to heavily rely on grants-in-aid or funding by other agencies. Most of these bodies are made as spring boards for ambitious politicians. Due to the overlapping

³⁰Report of the Working Group on Block Level Planning, Government of India, Planning Commission, 1978, Chapter X.

area of operation, the achievements or successes of these agencies are considered as erosion of authority of the people in power. These agencies start gearing themselves up as parallel organisations performing functions under the pretext of working as a vehicle of participative development and a mechanism to minimise the concentration of authority and privileges in the select few.³¹

CONCLUSION

The awareness that administrative machinery exists for the service of the people, that it is a cultural product, a social sub-system reflecting the values of the wider society, should help evolve new forms of targetoriented, easy to monitor personnel systems linked to performance. By proper decentralisation of administrative and financial powers, the line of command approach should give place to an interacting system all along the line helping a self-sustaining process of rural development. An organisation to undertake such comprehensive coverage as cluster development has to be non-traditional in its outlook with a high degree of flexibility in its approach. The prevailing rules and regulations govern in a negative manner and hinder rather than help rural transformation. The basic dilemma continues to be how does one go about improving managerial capacity of the organisations. In planning, programming, project formulation and implementation, how can relevant expertise be inducted? The most demanding challenge appears to be the building of commitment by all concerned towards democratic involvement as well as effective, positive action for development. The inescapable implication is that the number of action points where administration and citizen come in contact have to increase but this has to be within the capacity of the existing machinery for development administration. The only way is administrative decentralisation and delegation of authority to lower levels so that people are presented a well articulated and feasible framework of approaches, objectives, measures and alternatives.

³¹Report of the Working Group (B. Sivaraman) to Prepare Guidelines for Formulation and Implementation of Block-Level Plans and Programmes for Rural Development by Participation of Voluntary Organisations, 1978.

A Note on the Kerala District Administration Bill, 1978

M. K. Balachandran

In 1971 the Kerala Government had introduced in the State Assembly a Bill entitled the Kerala District Administration Bill, with the object of providing for a democratic and decentralised system of administration at the district level by constituting district councils and vesting certain administrative powers and functions to them. The Bill was referred to a select committee which was authorised to scrutinise connected legislations and make suitable amendments. The committee, in its report, recommended a number of changes in the Bill. The Government redrafted the Bill in the light of these recommendations and reintroduced it in the State Assembly in 1978 as the Kerala District Administration Bill, 1978. The new Bill is again referred to a select committee.

The present Bill provides for the constitution of district councils for each district notified as such by the government. Representation in the district council will be in the scale of one member for every fifty thousand population of the district, directly elected in the manner proposed in the Bill. Members of the State Assembly, representing any area comprised in one district, will be *ex officio* members of the district council of that district but without the right to vote or to hold office under the council. There is provision in the Bill for reservation of seats for scheduled castes. The term of office of the members will be normally five years.

The president of the district council will be elected by the members and will be its executive head. As per the Bill, the collector of the revenue district will be the *ex officio* secretary. The officers and servants required for the proper functioning of the council will be placed at its disposal by the State Government, but will continue to be government servants for all purposes and their terms and conditions of service will continue to be those of the government servants.

The powers and functions of the district council will be the administration of the district in matters enumerated in the first schedule to the Bill. These cover a wide area and includes land revenue, minor irrigation, soil conservation, agriculture, cooperation and credit, marketing, social forestry, animal husbandry and dairying, fisheries, household and small scale industries, rural roads and inland waterways, health and hygiene, housing, education, harijan welfare, community development, social reform activities, etc.

The Bill specifically provides that the district councils shall also have overriding powers to administer the subjects mentioned in schedule VII of the Kerala Panchayat Act, 1960. Further, they can also exercise 'general supervision' and 'control' over the functioning of local government within their jurisdiction which includes municipal corporations, municipal councils, panchayats and township committees.

The source of finance for the district council will mainly consist of grants and loans from the State Government, loans raised by the council itself and fees collected from the beneficiaries of the institutions run by them.

Under the Bill the State Government has powers to issue directions regarding the exercise of powers and functions by the district councils, to cancel or suspend their resolutions, to take action in default, to remove the president or vice-president or the chairmen of the standing committees and also to dissolve or supersede. The Bill also provides that in case of dissolution or supersession, the concerned district council should be given a hearing. Further, the supersession of a council cannot exceed more than six months and the notification issued in respect of dissolution or supersession should be laid before the State Assembly for fourteen days within which the Assembly has the power to make modifications in the notification or even decide not to issue the notification.

The Bill provides for the amendment of 31 other enactments which will be necessary in the context of the setting up of district councils and the entrustment of functions referred to in the first schedule to them. The amendments are intended to be only adaptations of these enactments to enable the district councils to perform the connected functions.

Clearly, the object of the Bill is to bring about a democratic and decentralised system of administration at the district level. But the question is whether the provisions in the Bill would help achieve the objective. Any agency entrusted with the task of administering a number of activities and services, as is the case with the district council, should have adequate resources at its disposal to match with its responsibilities.

As per the Bill, the main sources of income to the district council are

grants and loans given by the State Government. There is no independent source which the district council can rely upon, like the power to levy tax. It may be worth mentioning here that the Maharashtra Zila Parishads and Panchayat Samitis Act, 1961, the object of which is also to provide for the decentralisation of powers and functions, empowers the zila parishads (district councils) to impose taxes and fees such as profession tax, general water tax, pilgrims tax, special tax on lands and buildings, etc. (vide section 157 of the Act). The existence of such a provision in the Bill will ensure the autonomy of the district councils by enabling them to take independent decisions in accordance with the powers entrusted to them. It is unfortunate that the provision in the 1971 Bill for the constitution of a finance commission for looking into the problems of income and expenditure of the district councils and for recommending inter alia the principles which should govern the grants-in-aid from the State Government to the district council, even though was accepted by the select committee, does not find a place in the new Bill. That committee had even recommended that the finance commission should make recommendation to the State Government as to the possibility of assigning to the district council a percentage of the proceeds from any tax levied and collected by the State Government from that district. The constitution of a finance commission and the incorporation in the Bill of some principles for the distribution of grants to the district councils are both worth considering by the present select committee.

GOVERNMENT CONTROL OVER DISTRICT COUNCILS

A major omission in the Bill seems to be the absence of specific provisions dealing with the relationship between the district councils and the municipal corporations and municipal councils falling within their jurisdiction. Regarding panchayats the Bill clearly mentions that the district council will have overriding powers of administration on certain items and the panchayats will have exclusive power on some other items. Regarding municipal corporations and municipal councils, the Bill vaguely says that the council will exercise general supervision and control over their functioning; nothing more than that. This is inadequate, especially when there is overlapping of jurisdictions between the councils and the municipal bodies over a number of items like those coming under health and hygiene, housing, etc.

Yet another area where the Bill needs scrutiny is the provisions relating to the governmental control over the district councils. The general complaint is that the powers of dissolution and supersession conferred on the State Governments, under the various municipal enactments, have been exercised on political considerations in a large number of cases, affecting adversely the autonomy of the municipal bodies. It will be surprising to note that out of a total of 38 municipal corporations in the country, as many as 27 are under supersession at present with the administrators performing the functions of

elected councillors. The fate of municipal councils is no better. In the light of such experience it is only natural if one feels that the more the controlling power with the State Government, the greater the chances of their being misused to the disadvantage of the district councils.

In this context one is reminded of the following observations made by Mr. Justice V.R. Krishna Iyer in the Niyogi Law Lecture Service:

"Long ago, as municipal chairman, Nehru resigned from his office, finding the impotence of these institutions. Are there more powers for local bodies now? The lawyer can respond by making legal models with autonomy, flexibility, vigour, wider range of powers, broad built-in control mechanisms and litigative immunity."

PANCHAYATS IN KERALA

A bird's eye view of how panchayati raj institutions have fared in some States would provide valuable insights into the structural and operational aspects of panchayati raj. It may be stated as a general provision that in a country of India's size and diversity, certain unevenness in performance is inevitable. Historical vicissitudes further complicate the picture. Structures and functions have been changing over the years.... In Kerala, where there were only village panchayats, but some of a size which could amount to half a block, the working has been extremely satisfactory in the field of many municipal and civic functions; it is worth noting that, in spite of different political parties being represented on the elected body, there was the needed harmony in implementing the programmes assigned to them as also in monitoring certain developmental projects.

-Report of the Asoka Mehta Committee on Panchayati Raj Institutions, 1978.

Decentralisation in University Administration

N. R. Inamdar

TNIVERSITIES are decentralised units of administration for purposes of imparting and regulating higher education within the broad framework of the University Acts adopted by the various legislatures. But they also operate on the basis of decentralisation of authority and powers among their own various bodies ('authorities') and office-holders ('officers', distinguished from 'officials', i.e., permanent administrative personnel). Even the local governments do not have so much of decentralised authority exercised by the general body, different committees, office-bearers and officials. The main reason for this large-scale and widespread decentralisation within the universities is the nature of the function of higher education vested in them by the State legislation. The ground which impels decentralisation of the higher educational function from the State department to the universities is also applicable to the intra-university administration and management. A wide diversity exists among the various constituent institutional units and subfunctions of a university. The dichotomy between the university departments and colleges, the coexistence of traditional education in humanities and sciences on the one hand and professional education in law, commerce, engineering and medicine on the other, the distinction between the undergraduate and post-graduate education, the different subjects having their own departments under the common rubric of the above faculties, are some of the prominent factors causing structural and functional diversity within the universities.

NETWORK OF RELATIONSHIPS

The elements in the State's relationship with the universities also exist in regard to the State's and university's relationship with the institutional units within the university's purview. If in the course of the development of higher education through colleges in a State or in a region of a State, private effort was marked, the State Government's and university's control over such colleges would be much less in scope than if the private effort was sparse. The larger the number of privately managed colleges within a university, the greater would be the extent of intra-university decentralisation. The State's legislative control over the universities is exercised through the relevant

legislation and amendments to it and the State Government's interpretations of the legal provisions. The legislative control is the minimal control that has to be exercised by the State Government in relation to the universities which are its creation. Within the framework of the Acts, the universities are free to adopt statutes, ordinances and regulations to regulate their affairs. This legislative autonomy is diluted by the veto of the chancellor (i.e., the Governor) on the sanction of the statutes. The legislative control exercised by the State Government over private colleges or research institutions is indirect, through the Societies Registration Act and the Public Trusts Act. The governmental institutions are subject to legislative control like government departments. The legislative control of the university over governmental institutions, in theory, is as much as over private ones, but in fact the former are exempted in some matters like conditions of service of the teaching personnel. The State Government wields administrative control over the universities through the appointment of the vice-chancellor, the chancellor's nominee on the executive council and university teachers' selection committees, the power to institute inquiries and to nominate the executive council when affairs are mismanaged, etc. The universities however find themselves helpless in remedying the affairs of the affiliated private colleges, as they can exercise over them only the authority of conducting inquiries and recommend to the State Government disaffiliation in particular subjects of studies or of the institution as a whole. This is a very serious lacuna in regard to the universities' control over the affiliated colleges leading to continued mismanagement of their affairs. The judicial remedies and controls are equally applicable to the universities, governmental institutions and privately managed institutions. But here also the universities find themselves helpless in correcting the injustices to teachers in the employ of the private colleges. In respect of the government's financial control, the universities are nearly completely dependent upon the government grants. The universities, however, do not control the financial strings of the private colleges, and not at all of the governmental institutions. The private colleges derive their finances from the fees and also government grants, while the governmental institutions' mainstay is funds from the government's budgets.

FEATURES OF DECENTRALISED ADMINISTRATION OF UNIVERSITIES

The decentralised administration of the universities presents certain features as distinguished from those of decentralisation in government departments. Important and decisive deliberations take place in the committees of the universities (except the senate and the academic council all other bodies are really committees). Considered that way, the governance of the universities can be described as the governance through committees. Secondly, there exists a welter of interlocking authorities in the universities. Momentous consequences follow from this. One is that the executive authority in the universities is fragmented. The other consequence is that a considerable

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absence of integration prevails among the multi-level and multifarious decisions of these interlocking authorities. Thirdly, there are frequent movements upward and downward as well as to and fro between different bodies resulting in long delays for, and outdating of, decisions. The decisions of the deliberative bodies would not be binding on the higher deliberative or executive bodies, but consultation with them is obligatory. Fourthly, the processes of participation are multipoint, involving a large number of teachers. Fifthly, the implementation of decisions concerning the processes of teaching and research having to take place at the field level of the teacher, his involvement in decision-making assumes signal importance.

The local governments, it is true, largely govern through the committee system. But each of the various committees in the local governments shares a defined area and degree of authority, and a certain hierarchical ordering prevails among them. In the university administration, however, decisions pertain to a variety of subjects of studies and of groupings of these subjects in faculties. And, therefore, the imposition of the decision of a majority in the higher decision-making body, consisting mostly of members not connected with the subject of decision on the faculty or board of studies in the concerned subject, would not be feasible. Also the preponderant opinion among the teachers concerned with the decision would ultimately prevail, notwithstanding the need for maintenance of certain minimum standards of teaching and research.

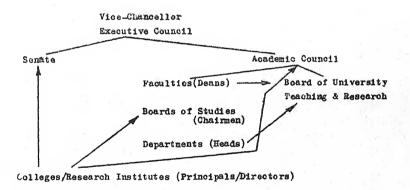
EXECUTIVES AND AUTHORITIES IN UNIVERSITIES

The vice-chancellor is the principal or chief executive officer of the university. But in most of the universities he is the decision-executing officer rather than the decision-making authority except in matters of urgency. The executive council or committee is vested with the decision-making authority in academic, administrative and other matters. The deans of various faculties are consulted by the vice-chancellor in academic and examination matters. In some universities the deans have certain final executive powers of their own. The heads of the university departments and the principals/directors of colleges/research institutes are the chief executives of the respective institutions. The vice-chancellor exercises appellate authority over the decisions of these chief executives in certain respects like disciplining of students and conduct of examinations. But normally these chief executives are the decisive authorities.

The senate is the foremost deliberative body in the university, comparable to the 'municipal corporation' or zila parishad. The senate's decisions regarding the sanction of budget and the approval of statutes are binding on the executive council. In other matters its decisions are recommendatory.

A continuous hostile verdict of the senate on the performance, policies or decisions of the university (particularly of the vice-chancellor and the executive council, but also of the other executives) would, however, unnerve the university administration. The academic council is the foremost consultative body in regard to academic matters like courses of studies, syllabi, appointment of examiners and structural issues concerning the examinations. The academic council, in turn, consults the respective faculties and, or the respective boards of studies. In some universities, a body (or bodies) independent of the academic council and faculties, called the board of university teaching and research, is constituted to take care of postgraduate teaching and research. As shown in the chart below, the colleges/research institutes are managed by independent administrations, the university colleges/research institutes, however, remaining a part and parcel of the university administration.

CHART



GOVERNANCE THROUGH COMMITTEES

The governance through committees is a hallmark of the pattern of decentralised administration in the universities. As stated above, barring the senate and the academic council (the faculties are really redundant bodies in the university set-up, whose business could be taken over by the academic council), the other bodies operate, in fact, like committees. The executive council is the foremost committee in the university set-up. Three types of committees could be categorised: (a) The executive council, which finds its agenda overcrowded, appoints committees from amongst its own membership, in some cases coopting non-members. These committees might be termed as 'sub-executive' committees. (b) The large plenary bodies, the senate and the academic council, set up 'facilitative' committees to bring about more efficient and speedier transaction of certain items of business on the agenda that call for more detailed and in-depth consideration. (c) Bodies like the boards of

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studies and the board of university teaching and research are 'committees proper'. Certain committees have to be constituted under the Act. The committee for recommending examiners, committees for selection of university teachers are such 'statutory' committees. Most of the other committees are ad hoc in nature.

INTERLOCKING AUTHORITIES

The existence of interlocking authorities has been mentioned above as another feature of the decentralised administration in the universities. This is so both in matters pertaining to academic and administrative aspects. In academic matters, the academic council, on the one hand, and the boards of studies and the board of university teaching and research, on the other, participate in decision making. The authority of the board of university teaching and research and the boards of studies is however recommendatory subject to the final decision by the academic council. But the resolutions of the academic council also have to be adopted by the executive council before being implemented. The plenary authority of the academic council in academic matters can in fact be nullified by the veto of the executive council.

Similarly, the recommendations of the local inquiry committees for colleges/institutes appointed by the executive council to investigate the conditions necessary for introduction of certain courses or subjects of studies or for temporary or permanent affiliation are subject to modification or backreference by the executive council, even if they have received the approval of the academic council.

All this could be construed to infer that all decisions are in the final stage at the door of the executive council for clearance. But, in regard to the budget and the statutes, as has been observed earlier, the senate's approval is essential. In academic matters again, the clearance by the academic council is necessary. Deadlocks are thus possible, especially on academic issues resolved upon by the academic council, but for which approval has been declined by the executive council.

Similar deadlocks can be envisaged between the vice-chancellor and the executive council. The executive council can thus refuse to approve the action taken by the vice-chancellor on certain emergent matters. It is also possible that the executive authority of the vice-chancellor is immobilised due to the delicate balance between the nearly equal factions in the executive council or the changing balance of their strength.

Frequent movements of matters downward and upward and to and fro might arise due to the prevalence of interlocking authorities as also due to administrative sloth or negligence. If powers of the various university bodies are well defined many of these movements of matters can be obviated.

Teachers are concerned with the functioning of the various bodies of the university. Hence their involvement in their working and decisions is called for. The management committee of the college/institute and the departmental committee are the basic, grassroot, functional levels with which teachers are vitally concerned; so their representation at these levels is a must. Their representatives also participate in the boards of studies, faculties, academic council, senate and executive council. In the senate and the executive council, however, the teachers' representatives are often in a minority, as the representatives of college/institute managements, governments, and various social groups and public bodies also participate.

ADMINISTRATIVE MACHINERY

The university bodies and authorities, among which decision-making has been decentralised, have to be given competent administrative support, if they are to operate efficiently and in coordination with one another.

The problems and issues with which the university's administrative machinery has to grapple have become complex. The administrative personnel have now to confront the student power. They are also expected to possess intellectual competence to comprehend academic issues and project them into operational terms. The times when they were to render merely ministerial support are past. It is, therefore, essential that, excluding the clerical, stenographic, accounting and technical personnel, the personnel at the middle and higher levels possess qualifications and competence of the teachers at the university.

The vice-chancellor and also the registrar require personal administrative assistance of a high order. The registrar should be in a position to dispose of routine administrative matters without reference to the vice-chancellor so that the latter could devote his entire attention and energy to the policy matters, development of university and colleges/institutes, the senate, the academic and executive council meetings, and crucial decisions. In this context, the final power for disposal of certain academic and administrative matters needs to be vested in the deans, heads of university departments and boards of studies.

A cell for coordination and perspective planning is necessary in the universities. The executives (deans, concerned heads of university departments and principals/directors of colleges/institutes) and important university officials should be associated with the cell.

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Preparation of the agenda of the meetings of the various university bodies, the noting of their proceedings and decisions and pursuing their follow-up, have assumed a great importance in view of a large number of such bodies and the proliferation of their membership. To conserve the expenditure on the meetings of these bodies the personnel in charge require to be trained in the secretarial management of the meetings. State legislature secretariats might institute training courses for the purpose.

The induction of the personnel of a section of the university office into the nature of the work of the whole section and/or one or two assistants to the superintendent into the cases to be disposed of by the superintendent needs to be attended to. Similarly, to prevent the growth of vested interests in sectional work, as well as to develop versatility among the staff, personnel would need to be transferred periodically among different sections.

SAFEGUARDS OF DECENTRALISATION

An analysis of the pattern of the decentralised administration of the universities in the country and of some of its weaknesses has been delineated in the article. 'Decentralisation for what?' is the question often asked in this context. Some might answer: 'If the universities cannot cope up with the responsibilities of decentralisation and of decentralised administration, they may very well shed these and be a part of the unified state educational administration.' But such an answer would deserve a retort. Universities, along with the judiciary, the Press and the local governments, are the supporting pillars of the country's democratic structure. Decentralisation of the responsibility of higher education on them and the decentralised pattern of their administration, therefore, deserve to be preserved and protected. Some of the lines of doing this have been indicated in the article. A few others may be mentioned here.

The appointment of the vice-chancellor is being politicalised even when the method of selection is in accordance with the so-called Delhi pattern. A standing panel of seniors among university professors and principals of major colleges in the university area or the State may be prepared and revised from time to time under the auspices of the University Grants Commission.

The nearly complete dependence of universities on the governments for their finances could be lessened by assigning them a fixed share of the education cess to be collected by the State through local governments.

The process of students' consultation in relevant academic decisions of universities should go hand in hand with the process of depoliticisation of the constitution and activities of the students' councils/unions.

A Note on Decentralisaton in Administration A Citizen's Point of View

N. H. Atthreya

A N office attendant of our organisation is living in a not so posh locality of Bombay. He is a little more educated than others in the locality. He is a little more concerned in the neighbourhood than others. He has some inborn qualities of leadership. The result is that the forty or so families, in the locality, go to him for guidance and help.

This attendant has told me more than once: "I do not know what is government and who is administration. When I have a common problem re: water, public hygiene or land, I go and meet people. Practically everyone tells me, 'Not me'. I ask them, 'Who else?' They say, 'May be, this person'. This is what the local corporator, the local MLA, the local MP, the local municipal officer, state secretariat official and the local minister says! Someone in this country surely knows who is government and who is administration, as far as a particular matter is concerned. Who is that someone?"

I have taken some of the specific complaints and grievances he and his neighbourhood had and I tried to answer his specific questions to find out 'that someone.' I have tried it a few times. I almost identify the person or persons who are the decision-makers—only almost! I don't find him in fact. Everyone is vague in his answers. The philosophic answer given is that in public administration the authority is diffused. The practical answer observed is that a few persons are able to move things and unless one knows how to do business with them, one has to give up.

As a citizen, I would like to have an updated handbook which will tell me: For such and such matter, at such and such a level, such and such a person is the decision-maker.

THE IMPLEMENTING AGENCY

My attendant friend goes one step further: "Whenever ministers make statements at public meetings, I wish they tell specifically what is the agency 860 N.H. ATTHREYA

that will implement that policy and who is the person. If there is no such agency and there is no such person, they will be saving us endless troubles by not making statements. May be, we are simpletons but we do believe public statements by responsible leaders and we feel cheated when we find they are of a mirage nature.

"We will further prefer that newspapers demand this information. In the absence of this information, newspapers should not publish any of the so-called policy statements. We have been taken for a ride by the political leaders and the Press too long."

The beginning of decentralisation, as far as the citizen is concerned, is the *knowledge of who has what power in what area*. How much power is not that matters but what power who has in what regard he has does. Surely, the powers that go with a position are not in a flux.

The powers of all that are in administration may not have been stated. At least those of the officers would have been spelled out. They may not have been updated to meet current conditions. They may be diluted in practice or even withdrawn. What the citizens want to know is: Who has been given what powers to handle—at least on paper?

This is the beginning of decentralisation, for the reason that only with this knowledge the citizen can check with reality and see for himself where and how much re-centralisation—the opposite of decentralisation—has occurred in the past thirty years.

Why the re-centralisation has occurred since independence, the citizen would not like to enquire. One does not need a royal commission to find out why either.

The very knowledge of the gap may (a) make some of the public administrators exercise the powers they are supposed to have and, (b) make the citizen go and knock at the right doors and not 'go to the very top for every legitimate right of his'. The average citizen does not wish to throw his weight around. He does not like the idea of going to the higher-ups or their brokers. He has a legitimate right or grievance and he wants it to be met. He would prefer the appropriate level, not any higher. If the level is low and local, he would prefer it. It is inconvenient and expensive to make a pilgrimage to a state or country capital.

RE-CENTRALISATION?

What is hurting the working of the administration and the economy

is that 'no one' knows who is there to do what, that there is too much of hush hush, and that stated powers are giving way to assumed re-centralisation.

By all means, let us do all the thinking on decentralisation since decentralisation will make for appropriate delegation and appropriate delegation will mean timely decision and actions following therefrom.

In the citizen's eyes, steps for decentralisation can well wait. The urgent and feasible step is to let what we have now work. If the men at the various levels do what they are empowered to do, if the citizen knows who at what level is empowered to do what, the citizen will feel rested and the things will move faster.

The citizen will love to make his contribution to appropriate decentralisation. To do so, he would like a machinery to find out at whose hands what can be settled and to give the information wider and continued publicity. Once he knows it, he will do his best to make it work. He will also do his best to reverse the recent re-centralisation trend.

BLOCK LEVEL PLANNING

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The smallness of the size and scale (at block level) will in fact provide an opportunity for a greater meticulousness in planning and implementation and make the former more realistic and the latter more effective .... More intimate contact with people would sharpen the awareness of the planners regarding problems which need to be solved and the obstacles to their solutions.... The same proximity may, however, become somewhat embarrassing inasmuch as people's expectations would be higher and non-performance would be more exposed.

—Report of the Working Group on Block Level Planning, 1978.

# **Book Reviews**

The Panchayat Administration in West Bengal
ASOK K. MUKHOPADHYAY, Calcutta, The World Press Ltd., Rs. 25.

Panchayati raj in West Bengal has had a checkered career from its very inception. Unlike the pattern set up in other parts of the country, West Bengal has had a four-tier structure since 1964 and it ran into difficulties because of the unsettled economic and political conditions in the state. There was a food crisis in 1965 followed by widespread food riots and political dislocation. Then came the fourth general election in March 1967 which began a period of ministerial instability which was most inhospitable for the progress of panchayati raj. The state has thus been from the beginning in quest of an 'Unhappy Utopia', as the sub-title of the book indicates.

The present study of panchayati raj administration is based on the author's Ph.D. dissertation submitted to the Calcutta University in 1970. Much of the research was done during the period from 1966 to 1969; the books and articles listed in the bibliography belong to the 1960s. The main corpus of the book rests on an analysis of the structure and working of the system as governed by the West Bengal Panchayats Act 1957 and the West Bengal Zila Parishads Act, 1963. Since the completion of the research, the Act of 1973 has had some structural changes; it does not provide for the gram sabha and has consequently replaced the four-tier system by a three-tiered one, thus bringing the West Bengal pattern in line with what prevails in other parts of the country. The author has provided a useful summary of the 1973 Act.

The thematic arrangements of the chapters follows the well-known text-book style, including chapters on the origins of the panchayati raj movement, the tradition of rural government in West Bengal, structure and composition, administration and staffing, powers, functions and working, nyaya panchayat, finance, and government control. There are chapters of 'reflections' and 'concluding remarks'.

The historical portions are both brief and relevant; happily, the author has resisted the temptation of undertaking excursions into a familiar past. The account of rural government in West Bengal is traced from 1870; it is doubtful, however, if one can really speak of a 'tradition' of village

self-government in the State. If national politics undermined local self-government in India, as Hugh Tinker has argued, state politics all but smothered panchayati raj in West Bengal.

What is the picture of rural local self-government as it emerges from this book? "The present study leads to one definite conclusion," says the author, "that genuine devolution of power to the people's representatives in the panchayats has not taken place in West Bengal". Financially hamstrung, yet loaded with an impressive range of powers, local bodies can achieve precious little. Government officials exercise powers of minute supervision, reflecting the centralisation which has characterised much of local government in India. Says the author: "A review of the working of the panchayati administration in West Bengal reveals the authorities' lack of faith in the people. One can even say that panchayati raj here appears to be . . . . a 'guided democracy' in which people are asked to participate under the guidance and supervision of government officials".

On the other hand, the working of the panchayats reveals glaring defects. The fact that two-thirds of the anchal pradhans are either big landowners or businessmen enables them to function autocratically. The evil is compounded when the pradhan, as an ex officio member of the anchalik parishad, has the power to distribute grants. Consequently, as the author rightly notes, the money-lending activities of the jotedar or businessman when coupled with the powers of the pradhan, enable him to play a domineering role in the rural economy. So much for the class character of the system which masquerades as democratic decentralisation.

The pathology of panchayat administration in West Bengal includes other evils common to bureaucracy, specially in India. The author points out that in 1966 the panchayat bodies failed miserably in arranging for water supply to drought-affected areas, although large sums of money had been allocated to the parishads for the purpose. Members spent their time wrangling over the sites for the construction of wells and allowed several months to elapse in the process without taking a decision. Anchalik parishad presidents and chairmen of zila parishads have often found it infra dig to be accountable to officials, resulting in rivalries and tensions to the detriment of administrative efficiency. Rules have been flouted, specially by zila parishad chairmen, who have acted with impunity, deriving strength from their political connections.

Despite these many evils in the working of rural bodies, the author has a touching faith in local bodies and would like to see them liberated from the supervision and control of the State Government. Inherent in rural government—and in panchayati raj—is a dilemma consisting of the need to train

people in self-government and ensuring, at the same time, administrative effectiveness in development programmes. He quotes with approval Nehru's remark to the effect that village authorities may be permitted to make a million mistakes in the process of learning; he recognises too that politics is inevitable in the functioning of local bodies. But what is the State Government to do when a network of corruption is set up by local politicians and a structure of power is created for promoting the narrow interests of local elites? The author does not grapple with this fundamental difficulty. Instead, he asserts categorically that there is no alternative to panchayati raj and it must succeed. What is in error here is not the final conclusion with which all democrats will wholeheartedly agree but the failure to show how state supervision and control can be reconciled with local initiative.

Asok Mukhopadhyay has written a useful book on the panchayat administration in West Bengal; but it would have gained immensely if some attention had been given to presentation. One notices the author's anxiety to update a thesis written some seven years ago; but was it really necessary to drag in 'The ex-Prime Minister's 20-Point Programme' and say that not till then was any attempt made to associate young people in villages with the anchal panchayats through 'the local leadership development scheme'? And this stray reference, meant to enlighten the reader, rests on publicity material brought out by the then West Bengal Government.

-S.P. AIYAR

Regional Planning and National Development

Ed. R.P. Misra, D.V. Urs and V.K. Natraj, New Delhi, Vikas, 1978, pp. ix+527, Rs. 125.

Manual for Block Level Planning

PRODIPTO ROY and B.R. PATIL, New Delhi, Macmillan, 1977, pp. xvi+124, Rs. 18.

The volume edited by Misra, Urs and Natraj is a collection of papers presented at the first Asian Symposium on Regional Planning and National Development held in Mysore in 1974. A collection of as many as thirty-four different papers from experts representing several developed capitalist and socialist countries as well as the third world, the volume is remarkable for its wide coverage. This is particularly useful in view of the wide variation in levels and patterns of development, prevailing social ideologies and the operating economic systems across the different nation states—all of which leave their distinct imprint on the specific approach to regional planning within a particular nation state.

These variations in approaches to regional planning emerge to some extent from the first set of ten papers in the section on regional perspectives in national development. Kuklinski's paper which spells out the major issues in regional planning and Rosciszewski's paper which focuses attention on the pluralistic structure of space, which defies simple development modelling, are followed by specific studies of regional development in the Soviet Union by Nekrasov and Gidadhubli, in India by Misra and Sundaram, in Nigeria by Mobogunje and also Teriba and Kayode and in Iran by Misra. The section concludes with another conceptual paper on integrated planning of a rural-urban continuum by Ernst.

The second section is devoted to growth poles and growth centres as instruments in regional development. The set of four papers by Mihailovic, Bandman, Harriss and Thoman indicate that while growth pole/growth centre concepts continue to provide the theoretical underpinning for strategies of regional development, these basic concepts themselves are now subject to reinterpretation.

The third section on social and environmental aspects of regional development deals with aspects which are being increasingly recognised as central issues in any meaningful perspective of regional development. Roy, Misra and Grosman set out in three papers some important social considerations on regional planning. Roy argues for discarding any planning strategy which fails to lean against the inherent tendencies of an acquisitive society while Misra suggests the initial adoption of a social policy and attempts to outline one which should serve as the basis of any regional planning strategy. Grosman introduces employment as a major target variable around which inter-regional planning can be meshed. The remaining three papers in the section by Pfaff, Shariff and Chatterjee are on environmental control as an integral aspect of regional planning.

Related in perspective to the papers on social and environmental aspects are those presented in the fourth section on grassroot approach to regional development which again emphasises the need for a pragmatic and socially relevant approach to regional planning. These papers by Wen, Mitra, Weitz and Applebaum which imply particular approaches to regionalisation are combined with six other papers which also discuss different types of regionalisation, district level planning, meso-level planning over several districts and micro-level planning of service centre structures.

Finally, we have a section of three papers by Gruchman, Diaz and Misra on training programmes for regional planning. Were it not for the fact of its wide representation of experts, with case studies across the majorinternational geopolitical regions, a point we have noted earlier, one may well ask why the

volume was published at all. Yet another addition to the long list of expensive collection of conference and seminar papers on regional planning, the volume adds little to our understanding of the theory and practice of regional planning beyond what is already known.

In contrast, we have in the slim volume by Roy and Patil a practical guide to action which is at the same time informed by a sound knowledge of regional development theory. It is, as the authors describe it, "a practical self-contained guide on how to prepare a block level plan." The manual is particularly useful since it is based on a real block planning exercise conducted in the Talala block in the Junagadh District of Palamau.

The specific theoretical approach to spatial planning on which the manual is based is the growth centre concept, the term used in this particular case being 'service centre' since the spaces dealt with in a block plan are generally of a much lower order than those normal to a hierarchy of growth centres. But the essential concept of the spatial structure of development is the same.

While the first chapter clarifies some of these theoretical foundations of the manual and the origin of the manual, the second chapter describes the basic data and the maps required for this kind of planning with examples from the Talala exercise.

The third chapter describes the plan area, its environment and external linkages, the identification of service centres at the district level, and, finally, a block level general service centre plan. The following five chapters describe the preparation of individual sectoral plans for agriculture, education, health, industry and transportation (roads) in that order—once again with specific examples from the Talala exercise. In the ninth chapter the sectoral plans are dovetailed into an integrated area development plan, located in space, and adjusted with the general service centre plan for the block. Further aids to block planning such as a data bank specifying what data to collect and from where and what maps and graphs to prepare are included in two appendices.

A competent and well presented volume, this block planning manual stands in refreshing contrast to the shoddy manual once issued as the official guideline for district level planning during the fourth five year plan. Indeed its limitation is perhaps that it is too rigorous, assuming far too much technical competence and serious commitment to rigorous planning than is actually available in what passes off as a planning apparatus in the field administration of our country. For this reason the manual is likely to prove more useful as a training manual to build up a minimum of technical planning

competence among the officials in our field administration rather than as an operational guide to the actual formulation of block level plans.

-SUDIPTO MUNDLE

## Local Government and Politics

MARTIN CROSS and DAVID MALLEN, London, Longman Group Ltd., 1978, pp. 141, £1.85.

The book is one among a series of books on 'Political Realities' being brought out by the Politics Association of U.K. These books are designed to be used as texts, or as supplements to texts, or also as reference books. The purpose of the series is to move away from concentration on constitutional rules towards 'realistic political education'. The objective of the book under review is: "It aims to switch the emphasis on local government away from the legal and institutional approach towards a more realistic approach which emphasises the political nature of local decision-making and which highlights the significant issues in local politics."

The book is divided into six chapters dealing with Structure, Regionalism, Finance, Polls and Politicians, Internal Relations and External Relations. True to its aim, it is the issues that are highlighted rather than the descriptive aspects. It is of interest to note that the issues discussed seem quite familiar as these are the ones that are often discussed in the context of panchayati raj in India.

Some of the questions that are raised are: 'Should services be provided by local governments rather than local administration? What powers can be devolved to local governments in legislative, executive and administrative matters?' In the chapter on 'Regionalism', the structure of local governments for Scotland and Wales is discussed. Should they also have the same structure as the rest of UK? The extent of financial freedom, the means of raising funds for capital and revenue expenditure are issues dealt with under 'Finance'. The role of political parties in election to local governments is discussed in 'Polls and Politicians'. The relation between local officials and councillors is referred to in Internal Relations'. The issue considered in 'External Relations' is the pressure of political parties, pressure groups, civil servants, ministers, as well as how local programmes can be affected by regional and national plans.

The authors analyse issues rather than presenting a point of view. They have given arguments both *pro* and *con*. The purpose is not to provide a point of view but to indicate the issues involved.

The book in a sense is elementary. It is well written and the discussion of issues provides a linkage to the chapters. The book should be of special interest to teachers of political science and particularly to those who intend writing text books. The book is also a departure from the conventional approach to writing text books. Students of political science could benefit if there is a move from descriptive to analytical and educative text books.

Some of the other topics in the series which would be of interest to political scientists and public administrators are 'Law, Justice and Politics', 'Parliament and Public', 'The Cabinet and Policy Formulation', 'Modern Bureaucracy—The Home Civil Service', 'Contemporary Political Ideas'.

-A.P. BARNABAS

Rural Development, Planning and Reforms
S.M. Shah, New Delhi, Abhinav Publications, 1977, pp. 166, Rs. 40.

For those concerned with rural development, planning and reforms, there could be no better handbook than the one with this title by Shri S.M. Shah of the Planning Commission. In the compass of six small chapters, he has covered the changing village scene and the researches on it, rural development strategies, agrarian reforms and economic development, evaluation of land reforms, agricultural taxation in a developing economy and the Indian agriculture in 2,000 A.D.

The history of research on socio-economic aspects of village life in India is traced briefly but imaginatively in the opening chapter. The author then takes up the subject now closest to the thinking Indian's heart—strategies in rural development. In this context, while the ingredients of rural development are restated, and urbanisation and rural development visualised as two sides of the same coin, the strategy of integrated rural development districts is spelt out from the vantage point of the Planning Commission. In the backdrop of the past efforts at rural development, the author enlarges upon the 'central place theory' on which the concept, growth centres project, is based. The consensus on rural development has now veered round to a variation of the approach relating to selected centres of growth—nodal points of development—from which 'development activity radiates to its outside territories.' The multiplier effect of these growth centres cannot be denied in rural development but the big question mark in all projects and strategies relates to their implementation.

The implementation gap can be seen, e.g., in the implementation of land

reforms. As a member of the Planning Commission pointed out in an interview with an Indian weekly recently, the land reforms programmes are not likely to be a success because the majority of those implementing them do not have their heart in the programme. But it is worthwhile speculating as to whether a land army motivated, not by profit, but by service could bridge the gap (especially in providing legal and financial aid) between the official programmes and the provisions in law and their implementation in the field. The importance of land reforms is well known; that ownership provides the biggest stimulus to agricultural production is often appreciated. But the studies that had, been exhaustively quoted by the author point, one and all, to the relative ineffectiveness of the land reforms legislation and the steps taken to implement it. The imperfect maintenance of land records is also touched upon. It is known that in some States mechanisation of land records is under way. Besides, kisan pass books are being given in a few States, but not all States have realised the importance of these desirable though preliminary steps in the right direction.

Now that a wind of change is blowing through the rural areas and a constructive impatience with the villagers' lot in life has emerged, one should look hopefully to the future. A line of balance is also to be struck between the economic holdings and socio-economic justice. The studies relating to an inquiry into the working of the Orissa Tenants Protection Act and the Orissa Tenants Relief Act in five districts have shown that a very large proportion of the landowners owned less than 2 acres of land and probably they leased it out as it was not economic for them to cultivate.

Seventy per cent of our work force is stated to be in the agriculture sector. Agricultural surplus leads to release of surplus labour, as the author points out, and also to increased marketisation from agriculture. Agriculture, he feels, has often been squeezed to assist the process of industrialisation, land revenue and agricultural income tax are two variations on this theme. But then some States have abolished land revenue. Although of declining importance, it is a vital link between the people and organised government. Collections in land revenue and irrigation rates are poor in some States. Perennial drought (though at times, like the king's robes, not ordinarily visible) and recurring floods devastate the land and erode the people's ability to pay. Fifty-five per cent of the cropped area is not yet subject to agricultural income tax. The irrigation rates, e.g., are often uneconomic representing what has been called one of the many 'hidden subsidies' from the government to the people. Command areas are just getting organised in some States. Water, everyone takes as a free gift of nature, even though it may take crores to provide it to the fields in some areas. Is the squeeze then a hard one?

The chapter on Indian agriculture in 2000 A.D. is 'full of hope and

prospects.' The possibilities of a rapid increase in agricultural production and its keeping pace with the rise in population is a hope being expressed from time to time. As noted earlier, in some countries the rate of growth of population has stood as a rock against which the waves of development plans, strategies for rural development, programmes for expansion of agricultural output, et al. have beat in vain. It is now generally conceded that for this crucial sector of our economy, full use of ground and surface water, advantages of new technologies, sincere and dedicated extension and team work, timely and adequate supply of inputs and credit facilities are essential. Plans and programmes fall short of expectations due to the implementation gap, which is perhaps more visible in the agricultural sector. While the author has spelt out in detail the recommendations of the National Commission on Agriculture, a critical study and the author's own assessment would have been greatly welcome. As Gunnar Myrdal has noted, it is taboos that stand in the way of economic development in countries with a great past. The reluctance and inability in the developing countries to exploit the resources around us, under the earth, in the river, or inside the sea, is a phenomenon with which one is only all too familiar.

However, in noting the sea-change, the author is at one with many who feel that by 2000 A.D. Indian agriculture would have met the challenge. No one can be more of an incorrigible optimist than W.W. Rostow. By the year 2000 A.D., he says ('The World Economy: History and Prospects') that the gross birth rates in the developing countries would have been reduced by 50 per cent and agricultural output would have been raised adequately, as he puts it, to avoid the crudest kind of Malthusian crisis.

The limitations of the book are those inherent in the books of any and all serving civil servants. But anyone interested in rural development, whether he is a student, researcher, or a policy maker will be a loser without a copy of this book on his shelf.

-N.K. PANDA

New Technology—A Gandhian Concept
RAM K. VEPA, New Delhi, Gandhi Book House, 1975, pp. 375, Rs. 50.

The concept of decentralisation is basic to Gandhian thought. For Gandhiji it was not only a matter of strategy but was intrinsic to the philosophy of life and vision of a good society. Gandhiji's philosophy comprehends the whole life of man and does not view human personality in a fragmented manner. Naturally the concept of decentralisation in his world-view assumes the multi-dimensional hue. It ceases to be simply mechanistic in approach.

The concept of decentralisation as an integral part of the Gandhian social, economic and political thought has been commented upon and critically analysed by many writers and thinkers. A substantial portion of Gandhian philosophy covers this facet of his thought. What Gunnar Myrdal has called 'the human factor in development' constitutes the core of the approach of Gandhiji to the idea of decentralisation.

In his thought invoking book Ram K. Vepa examines in depth the diverse aspects of Gandhiji's ideas and ideals and brings out the relevance and implications of the concept of decentralisation. For Gandhiji, decentralisation aims at the dignity of man and his creativity and, probably, from that angle the epithet 'democratic' seems to become redundant. The author, who has written extensively on matters relating to industrial development, community development, panchayati raj, etc., and also combines the technological background with considerable experience as an administrator, has traversed a very wide ground in his study. In view of his personal, academic and professional background his analysis is not clogged by emotion but illuminated by logic, rationalism and scientific approach. He has heavily relied on Gandhiji's own writings, apart from making a judicious use of the allied literature on the subject—be they the writings of Myrdal, Bertrand Russel, Schumacher, Sriman Narain, Asoka Mehta and Alvin Toffler or the five year plans, the reports of the Club of Rome or, again, other learned works that flow from the many research institutions.

The book is divided into three parts. The first has a penetrating chapter on 'What Gandhiji Stood For', besides the delineation in the beginning as to what the author considers to be 'the challenges ahead'. This part provides the perspectives for what follows in the succeeding two parts. It is in the second part which has thirteen chapters that the author lays bare the core of the Gandhian economic thinking, not as a vague idealism but in the context of the present technological, scientific, developmental and defence compulsions of an international society. While discussing the new technology Vepa aptly quotes Robin Clarke who describes it as the technology "which places people before government, men before machines, villages before cities, welfare before growth, small before big, practice before theory, quality before quantity, craftsmanship before expertise, and decentralised living to dictatorship." It is neither possible nor necessary to try to sum up the arguments of the other chapters which deal with themes like power to the people, small is beautiful, production by masses (not mass production), trusteeship, and saner industrial relations, among others. His discussion of the vexed issues of employment strategy for growth, regional imbalances, the nature of education for economic growth and the appropriate technology for decentralisation is both well informed and practical in its orientation. In the last part the author tries to raise and answer the question: Is sarvodaya practical? It is in this connection

that he discusses the approach to the planning of sarvodaya. All this has a contemporary ring and relevance in view of the pioneering experiment of antyodaya launched by the Government of Rajasthan and being adopted by other States like U.P., Himachal Pradesh, etc., because of its profound and wide ranging social significance. As a person with deep administrative experience and insight, Vepa touches upon the problem of implementation which he calls 'the acid test' of our ideals, thought processes and efforts. It is the will and capacity to implement that must stir the mind of the policy makers and planners if what is desirable and achievable is not to be lost in the dreary desert of elitist promises, vested interests, public apathy and administrative lethargy.

The author has provided a select bibliography to reinforce his thinking and argument of the different themes covered by him. The volume is not only a useful addition to Gandhiana but is really a systematic treatise based on integrated thinking—not confined only to economics, politics, psychology or sociology—as to how the imperatives of technology and democracy can be reconciled with a socio-economic order dedicated to the good of the community as well as to the individual, maintaining the autonomy as well as ensuring the harmony of the two. The author deserves all commendation for the logical exposition of this subject.

In these days of rising prices and shoddy publications, the publishers also need to be complimented for a neat though simple get-up and a reasonable price for a volume of this quality and coverage. It is, however, unfortunate that a number of printing mistakes have crept in which a more careful proof reading could have avoided.

-T.N. CHATURVEDI

Rural Modernization in India—A Study in Developmental Infrastructure K.C. PANCHANADIKAR and J. PANCHANADIKAR, Bombay, Popular Prakashan, 1978, pp. 398, Rs. 92.

From the attractive title, the reader would expect a comprehensive analysis of the pattern, perils and problems of rural modernisation. The subtitle arouses an expectation that a discussion on the adequacy or otherwise of developmental infrastructure would throw some light on the pace of rural modernisation in the past and the method of optimising its impact. But a close reading of the book, unfortunately, was disappointing to the reviewer who expected that on the basis of the analysis of the detailed working of the community development programmes in three talukas of Gujarat State, the authors would focus attention on the achievements of planning during the

development period, the lessons which the planning process has thrown up and the guidelines that could be drawn for the more effective implementation of development programmes in the future for making a better impact on the economic conditions and the quality of life of the people whom the programmes are intended to benefit.

The book is divided into three parts. In the first part, the authors have expounded the theoretical bases of the community development programme and have inter-alia drawn a parallel between this programme and the activities of the local self-governing institutions in India on the one hand and the various experiments in welfare and development undertaken by dedicated individuals and institutions as part of the rural reconstruction programme on the other. After describing the various stages, through which the community development programme has passed, the authors have concluded that "the speedy expansion of the community development programme and its conversion into the self-governing panchayati raj at the district, taluka and village levels have been hasty steps without adequate preparation in material, psychological and institutional terms. As a result strain and disfunction continues after a whole decade between politicians, administrators and the people on the one hand, and between the civic and productive activities in rural communities on the other." Perhaps this is a premature conclusion and one-sided view.

The authors feel that the experiments prior to the initiation of the community development programme were suffused with missionary spirit which accounted for their success whereas the panchayat institutions and by implication the community development programme have allowed themselves to be imbued with the bureaucratic spirit as a result of which the movement. in their own words, "has stabilised into a static state which is disfunctional to democracy, having failed to involve larger groups of people as active participants." The authors have quoted with approbation Braibanti's formula that there is a need to return to Brayne—the civilian-cum-social reformer-cumdevelopment missionary of the pre-independence Punjab and the approach of his 'socrates in the Indian village.' One would have expected in sociological or economic thesis a discussion in depth about the severe limitations of individual efforts-however noble minded and missionary spirited the individual is—when transformation on a massive countrywide scale is intended and aimed at as in the case of the community development programme. The authors have done a service in exposing the infirmities of the community development programme when compared to the earlier experiments in rural reconstruction. However, it would have been desirable if they had also indicated the alternatives for achieving a mass transformation of the social and economic milieu. Bearing in mind also that large scale organisation even of welfare programmes has necessarily to be done in a bureaucratic or a

quasi-bureaucratic mould, particularly in a developing country, the authors should have spelt out the safeguards which are imperative for restraining the propensities of the bureaucracy.

Parts two and three offer an elaborate analysis of the various aspects of the community development and national extension service programme in the Vijapur, Anand and Navsari talukas of Gujarat State. Various aspects of the programme including agriculture, infrastructure, cooperative organisation. thagai loans, agricultural credit, etc., are described in somewhat tiring detail. However, throughout the 300 odd pages in which these are described with a maze of facts and a series of tables one has to look very minutely for the conclusions that can be drawn from these facts. If the authors did not want to mix the conclusions, with the descriptions of the various facets of the programme in these three talukas they could have, in a concluding chapter, highlighted what in their opinion were the distinguishing features of the study, the aspects of the community development or rural reconstruction programme which have made an impact or are likely to make an impact, the organisational changes required to make these programme more effective, the lessons to be drawn from the individual programmes, i.e., irrigation, cooperative loans. etc., in order to make them more helpful to the beneficiaries.

Each chapter is cluttered with a large number of references which, no doubt, gives an appearance of scholarship, but gives also an impression that the authors have lost the bush for the trees.

The language of the authors, particularly in the first part, abounds with pompousness and 'sociological' jargon which has the effect of making the readers wonder what exactly the authors are driving at.

-V. SUBRAMANIAN

Improving the Quality of Life: A Challenge to Local Government (Papers prepared for the 1977 IULA Congress in Hamburg)
The Hague, the Netherlands, International Union of Local Authorities, 1977, pp. 101.

'Improving the quality of life', even as a challenge, is likely to be laughed away in communities such as that in India and elsewhere where vast segments of people (700 million?) struggle, and are apparently condemned to continue to struggle, for the miracle of sheer survival. The incredible magnitude of the task has, nevertheless, to be thought of and assessed, irrespective of the engulfing cynicism.

The Hamburg Congress of the International Union of Local Authorities, on the occasion of which this report was published, provided a forum for a segment of government officials of several countries to take a measure of the task and exchange ideas. International conferences have a reputation of getting themselves hopelessly lost in peripherals or of stopping dead right in the middle of their set task on ideological paranoia. The Hamburg Congress was not apparently on any such dump if we are to go by the papers presented in this report.

These are not country papers, yet the nine of them here do give a fair idea of the magnitude of the problem in general and in specific countries whether it is low cost housing, pollution, financing the projects, the rising costs of services, transport, urban infrastructure or neighbourhood development. While each question is discussed within the culture of the respective countries—Zambia, Japan, France (Angers), Indonesia (Jakarta)—there is an aspect of universality in them which should have, indeed, been at the back of the international meeting. Priorities also differ among the different countries, ordered, for several of them, by the constraint of resources. Here comes one possible advantage of internationalisation of the task—not just for help alone, financial or technical, although such help is on many occasions well deserved, but that the international community be made aware that "this problem exists and it has to be solved" (page 8). An international appreciation is also called for to get it clear that it is not high population growth every time that stands against improvement of the quality of life.

What is quality of life, anyway? This will vary as standards are not uniform. Yet the primary indicators are food, shelter, potable water, fair conditions of transport, protection against pollution, schooling, and adequate protective and curative medical facility. These, by no means, exhaust the list but they show that they, by themselves, even if provided, may not come up to measure quality of life. Quality is individual and is reflected in individual life more than in class or nation. It is no doubt influenced by geography, economic development, and, certainly, by the time factor. But it is man, the individual. his needs and aspirations, that are the greatest unknown quantity in planning. And "man is also the one constant value" (page 21). All planning is for him, at his scale and not vice versa. If this is acknowledged, quality of life will come to mean that level where man if enabled to live in dignity—a working definition of quality of life. And it is when he is so living that he can make the maximum contribution for social good. The two will not conflict at this juncture.

One point remains. Why should local government officials be at palaver to think about a task which is at once stupendous and needs justifiably a higher rung of persons to benefit from an exchange of ideas? The answer

has been given in the first page of the report. "Local government officials rightly have the reputation of being people of practice rather than of theory." Are they?

-N.R. GOPALAKRISHNAN

Integrated Rural Development—Approach, Strategy and Perspectives S.K. Sharma and S.L. Malhotra, New Delhi, Abhinav Publications, 1977, pp. 104, Rs. 25.

Two recent administrative programmes, 'Antyodaya' of Rajasthan and the 'Focal Point' scheme of Punjab (both of which have been started after the book under review was drafted) can be used to illustrate the type of rural development thinking that is currently in vogue in India. Antyodaya is 'integrated' to the extent that benefits from all sectors of the economy and from all types of government schemes are to be provided to the selected poorest families from each village, with more families being selected as the target group every year. It is 'area based' because the Rajasthan Government has chosen to implement it through the existing SFDAs and DPAPs which are district—or larger area—based project agencies which try to formulate and execute schemes suited to the area where they are based. The focal point scheme is area based because it is based on the growth centre concept and each focal point is expected to service a small 'command' or 'catchment' area. It is integrated because various sorts of activities and services are to be based at each focal point. The two schemes demonstrate two categories into which most existing rural development schemes can fit in.

Similarly a number of government schemes today can be said to be based on integrated (as opposed to departmental or sectoral) rural development approach. The book under review is about such schemes though the authors admit to the ambiguity of the term 'integrated rural development' which they claim "means a strategy to improve the economic and social life of the rural poor and the rural weak in the overall spectrum of development and growth" (p. 17). In fact, so varied is the usage to which the term integrated rural development has been put by various people in India that almost every government scheme if it has implications for, and linkages with, another scheme of another department in the rural area (or even if it hasn't) could be included under this umbrella term. The authors themselves have tried to identify the multipurpose approach, the target sector approach, the target group approach, the area development approach, the multi-level district planning approach and the spatial planning approach to integrated rural development (chapter I).

What then, does the term actually imply? Guy Hunter, in his foreword to the book under review, has suggested that the main component of integrated rural development is "the emphasis on devolution of local planning and programming authority, within national parameters" (p. 6). This theory also can be viewed in two ways. We may feel that the specialised projects like DPAP (drought prone area programme), SFDA/MFAL (small and marginal farmers and agricultural labourers development agencies), PIREP (pilot intensive rural employment project), employment guarantee scheme. MNP (minimum needs programme), tribal area development, hill area development. intensive area development district programme, whole village development programme, etc. (all of which have been described in a chapter by the authors) involve decentralisation of administration since a lot of project formulation and execution flexibility is allowed to the project authorities. However, an alternate viewpoint has also been suggested that such special projects, which are usually monitored and funded directly by the Central Government, are a move towards more centralisation as they allow the Central Government to develop its own executing agencies, which are somewhat separate from the State Governments. This is in spite of the fact that as per our constitution, the State Governments are supposed to be the executive agency for Central Government schemes also.

Gandhian theory, gramdan, community development, panchayati raj and cooperatives, as described by the authors in their chapter entitled 'Precursors', of course, would fit into Guy Hunter's above quoted frame. They also demonstrate the problems highlighted by Guy Hunter (pp. 6-7) "firstly the conflict between the need for expertise and the need for devolution. Second, the need to use the energies and local knowledge of farmers themselves" and the related administrative implications.

However, Sharma and Malhotra do finally manage to come up with an adequate enough definition (pp. 67-68): "Integrated rural development is a strategy package seeking to achieve enhanced rural production and productivity, greater socio-economic equity, a spatial balance in social and economic development, broader based community participation in the process of development. It is a general programme of extending irrigation, multiple cropping, promotion of high yielding varieties, use of fertilisers, plant protection and the support of research, credit and supplies of inputs. Broadly speaking, this approach contains some new elements at the same time assimilating earlier foundations of community development and agriculture extension. It is a dynamic concept, ever changing with respect to the conditions and requirements of the rural economy." (However this reviewer feels constrained to point out that the above definition could also be used verbatim to describe the CAD, or command area development project, which has not been described in detail by the authors).

As regards the objectives of integrated rural development the authors have done well to quote ESCAP. The objectives listed are: "(a) drawing the entire rural labour force into the mainstream of economic activity, (b) realising the creative energies of the rural people, (c) bringing the town into the country-side and thereby checking the drift of the rural population to the cities, (d) enhancing participation of women and youth in the development process, (e) improving the living conditions of the rural majority and their quality of life, particularly through integration of development with environment, (f) the allround development of the abundant manpower, their economic and social productivity and work satisfaction" (p. 68).

However items like applied nutrition programme and 'habitat', which the man on the street may not associate with integrated area development have also been included in the book, as has the government scheme which actually goes by the name of integrated rural development which is jointly being looked after by the agriculture universities, the Department of Rural Development, the Ministry of Irrigation and Agriculture, the Council of Scientific and Industrial Research (which has been split since the book was written) and the Planning Commission.

For its size (104 pages including Guy Hunter's preface and the introduction) which has only 89 pages of the main text, the book under review contains a lot of information and carries a description of most of the rural development schemes attempted in India since 1947 along with briefs on main theoretical ideas that are influencing Indian planners and administrators in the formulation of rural development programmes. However, the cost of the book could have been kept lower.

-RAKESH HOOJA

Managing Local Government for Improved Performance: A Practical Approach RAPP, BRIAN W. and PATITUCCI, FRANK M., Boulder Colarado, Westview Press, 1977, pp. xiii + 422, £9.85.

The book under review is a welcome addition to the growing literature on the performance of public organisations. The two authors have been management consultants and took upon the responsibility of translating their ideas into action programmes by taking appointments in a city government. The book is a story of this experience and presents the dynamics of both politics and administration.

The interesting part of the authors' study is the framework used to understand the management process and implement changes for improving

local governments' performance. Increasingly, the citizens are attributing poor performance to poor management. But the concept of management is narrowly defined. For most people who use this term, it consists of techniques and tools unrelated to the wider relationships with the environment. The authors' attempt is to show that the reality of decision-making in public organisations does not reflect dichotomy between policy formulation and implementation and, if changes have to be brought, the need of integration of these two processes becomes even greater. Management process should be so defined as to facilitate this integration. In addition, management enthusiasts have developed complex tools and techniques on the assumption that they are equally applicable in private or public organisations. The authors have sought to argue that local governments may have much to learn from their private management counterparts, but local government cannot be managed as private business is managed. The case study of the city government in which they worked illustrates such propositions.

Incorporating these features, the authors have presented an analytical framework in which twelve factors have been identified as influencing local government performance. The purpose of the case study is to examine each factor in its realistic setting in order to demonstrate how this analytical framework may be used to identify specific opportunities to improve the management process on which performance depends. For practitioners particularly the 'Guidelines for Achieving Desired Results' should be useful. Based on the assumption that there is no single recipe for getting the job done, certain guidelines are devised which can be helpful to those who are trying to convert good intentions into actual results in local government.

Even though the case study is of an American city, the conceptual framework and the dynamics of implementing change should be both useful and interesting to Indian students and practitioners of public administration.

-KULDEEP MATHUR

Local Government Finance: Report of the Committee of Enquiry (Chairman: Frank Layfield), London, Her Majesty's Stationery Office, 1976, pp. xxxiii+494, £5.75.

If one glances through the reports of the various committees and commissions on local finance, one would generally come across a diagnosis of the existing financial arrangements and subsequently a set of solutions keeping in view the liabilities assigned to the local bodies for the provision of services and infrastructures. The report of the Layfield Committee is refreshing in many ways as it has departed from this customary approach. The Committee has

addressed itself to the suggesting of measures not only for the adjustments in the existing financial arrangements but also to evolve a system of local finance. The utility and value of this report lies in the development of such a financial system which is of immense practical value and deserves serious attention of the governments in other countries also.

In 1974 the local authorities in the United Kingdom landed themselves in a crisis for a number of reasons. Consequent upon the reports of the Redeliffe-Maud and Wheatlay Royal Commissions, the structures and functions of the local authorities were reorganised on a massive scale through amalgamation of areas. This resulted in additional local government expenditure which escalated further owing to a severe inflation. This had to be financed through an unprecedented increase in the rate demand. This led to extensive protest in England and Wales. The net result was an increased pressure to spend more without any corresponding increase in income in response to this pressure.

The Layfield Committee was appointed in this background and its report is in fact the first comprehensive review of local finance in U.K. after the final report of the Departmental Committee on Local Taxation, 1914 (Kempe Committee).

For any sound system of local finance there has to be a clear distribution of functional responsibilities among various echelons of the government as also a well defined financial responsibility. Referring to the crisis of 1974, the Committee has concluded that it exposed "not simply the weak points in an otherwise sound system, but a collection of financial arrangements whose objectives were not clear and had never been properly related to each other" (page 283, para 1). The Committee, therefore, has tried to construct a framework of financial system on the following prerequisites:

- (i) accountability—whoever is responsible for increasing expenditure, should also be responsible for raising the necessary revenue and should be answerable to the electorate for its expenditure decisions;
- (ii) fairness—fairness between individuals and areas; similar treatment of similarly situated persons;
- (iii) awareness of implications of the choices between consumption and investment;
- (iv) efficiency in the provision of services; and
- (v) arrangements to be stable, flexible, and comprehensive.

This framework of financial system pervades the entire thinking and recommendations of the Committee. The element of accountability is found to be conspicuously absent in the existing financial system in U.K. as the local

authorities depend to a great extent on national taxation for the financing of services. This has led to a state of schizophrenia where the government, on the one hand, has been avowedly trying 'to return power' to the local authorities (White Paper, 1971) and, on the other, there has been a growing propensity for the government to increasingly determine the pace and direction of local government service, the resources allocated to them as well as priorities, all pointing to a trend towards centralisation.

This trend has had to be arrested by firmly establishing clear accountability through an appropriate, financial arrangement. The Committee, therefore, has suggested two alternatives to be considered and adopted by the government.

- (1) Central responsibility: The main responsibility for local expenditure to be assumed by the central government. It should set the total of local expenditure as also determine the amount of expenditure to be spent by various local authorities for different purposes. The major proportion of local expenditure under this framework has to come from grants and rates; the level of rate income needed to support the approved expenditure to be decided by the central government.
- (2) Local responsibility: The level and pattern of expenditure as also the financing of this expenditure to be the sole responsibility of the local authorities. But the decentralisation of decision-making cannot succeed without devolution of resources. Local accountability is unlikely to be achieved within the framework of a financial system with high and increasing grants and rating as the single local tax. The Committee, therefore, has emphasised the need to provide additional tax—the local income tax. This proposal is itself based on an examination of a number of alternative tax sources and application of a few tests, viz., capable of producing substantial revenue so as to reduce the proportion of government grants; be perceptible and set locally; clearly related to local expenditure; and effective burden should not be borne substantially by people outside the area concerned.

Besides these alternative framework of financial relationships, the note of reservation appended to the main report suggests a third alternative also. It is felt that there is a continuum of choice between the centralist and localist approach deserving consideration to find out a 'middle' way. Accordingly, the Committee has envisaged a clear definition of the minimum or national standard of services. The central government should determine the minimum standard for each service in which there is a national interest and it will also be responsible for their financing. Beyond this the local authorities will be allowed to raise and spend according to its views on macro-economic conditions and

for whatever purposes local democracy might determine within the statutory powers of the local authorities.

The main report has in fact given serious consideration to a 'half-way house', and it has rightly concluded that it would rather be impractical. One could, possibly, not determine minimum costed standard of each service. Even if it were possible to do so, the principle of accountability, so pervasive in the main report and, in fact, so essential in any framework of local-central relations, will be jeopardised and the local authorities would be pushed into the extensive control of the central government. While proposing the localist approach, the main report does recognise that local discretion and power can never be absolute or complete. There exists a national interest in the provision of certain services as also a national responsibility for the exercise of macro-economic control over the total local expenditure and its financing. This can be exercised through grants without impairing local accountability, better understanding with local authorities about their respective requirements and controls designed to influence the levels of total expenditure.

Besides the proposals for a system of local finance, the Committee has put forth several other proposals of reform in the existing financial arrangements. These relate to grants, rating, value for money and a host of other related matters.

Of the three types of grants in vogue in Britain (block grants, specific grants and supplementary grants) the Committee proposes that block grants be used to the greatest possible extent compensating for disparities in the needs and resources. But the existing system of separate needs and resource elements in grants is proposed to be replaced by a unitary grant with a single element embracing the functions of the present separate need and resource element. The Committee could not find a better way of estimating spending needs than the past expenditure patterns. However, ratable value as a measure of taxable resources of domestic tax payers is proposed to be replaced by personal income.

One could differ from the Committee on this score. Rating being the single important source of revenue for the local bodies, personal income of the tax payers which does not bear any relationship with the type of property occupied cannot be a relevant index of taxable resources. Probably the Committee has proposed this in view of the proposed local income tax.

The evidence of open market rents for domestic properties in England and Wales has been increasingly lacking in recent past. This precludes an objective assessment of properties. The Committee, therefore, has proposed to assess the domestic properties on capital value. This is an important

recommendation. There is also a great deal of emphasis on utilising user charges in financing of certain services. The Committee favours a radical change in the policies of financing local services through charging the people according to individual benefit they enjoy. This can be extended to all services where the individual benefits are identifiable.

As the unprecedented hike in rate demand in 1974 resulted in extensive protests, it is natural for the Committee to have examined the possibilities of reducing the burden on local rate payers. The Committee has felt that certain responsibilities should be transferred to the central government. But as local discretion is of paramount importance, financial responsibility is proposed to be transferred only where local authorities have no discretion over the standards of services provided. Services like mandatory student awards, police, magistrates, courts in England and Wales, the probation and after care service are, therefore, recommended to be transferred to the central government.

The Committee has recommended extensively for securing the value of money and for avoiding waste and extravagance. These are important proposals and can be usefully adopted even by governments elsewhere.

The Layfield Committee has evolved a viable and useful system of local government which provides a practical framework for allocating responsibilities between the different levels of government. The localist approach of the Committee has to a great extent clearly defined and clarified the relationships between the local authorities and the government. The Committee has provided a theoretical framework within which to examine and evaluate the central-local relationship. However, the H.M. Government in a Green Paper presented to the British Parliament in May, 1977 has rejected this basic framework.

—Gangadhar Jha

Role of Rural Women in Development—Report of an International Seminar

Ed. VINA MAZUMDAR, New Delhi, Allied, 1978, pp. 125, Rs. 20.

'Role of Rural Women in Development' is the report of an international seminar held at the Institute of Development Studies, University of Sussex, U.K., early in 1977 in association with the ICSSR.

It is well known that women in general, and rural women in particular, are denied their share of the fruits of development. Economic development activities initiated in agriculture, animal husbandry, handicrafts, small-scale industries and fisheries cover women marginally, or not at all. Only the social

welfare services seem to be offered to rural women as some sort of a compensation for the lack of attention to them for increasing their productivity and income earning capacity; even their participation has been inadequate elsewhere. In other words, development projects seem mainly for men and welfare projects for women.

Participants in the seminar sought explanations and methods for arresting this drift so as to help rural women play a more effective and conscious role in the process of development. In view of the complexity characterising women's lives and roles, the participants gave a new and broad-based definition of rural development. The consensus was that women must participate not only in the programmes for health, education and family welfare, but also in the designing of economic development programmes and institutional infrastructures; women's participation must be greater in all development aspects in the rural areas, for women's development cannot be separated from or viewed in isolation from the development of the whole community; separate programmes for women, detached from general programmes, may never achieve their objectives to the full extent.

The report is in three parts. Part I takes care of the task force reports, Part II of project case studies and Part III is guidelines. At the end are given appendices and index which make the report a more useful reading.

The first task force investigated the impact of recent socio-economic development and the legislative framework on the role of women in their intra-familial setting. It also considered the influence of family structure, kinship patterns, marriage, divorce and legal systems on women's role. It has presented some useful recommendations.

The second task force, while discussing the access to rural services, not only took up welfare services but gave equal importance to development services needed to improve the quality of rural life. It highlighted the importance of integrated delivery services.

The third task force examined the various experiments to mobilise women operating in different countries and identified the special problems in this regard. It has indicated ways of dealing with them.

The separate guidelines for planners, researchers and field personnel will help not only the present projects but also those in the future.

The appendices contain a few selected papers, a summary of the topicoriented plenary sessions, a directory of the projects considered at the seminar, and a list of the participants.

The report is written in a manner which makes it easy and interesting reading. The problems highlighted with the required focus and the suggestions given for improving the situation, it is hoped, will curb the existing and increasing inequality between the affluent and the poor, between the urban and the rural, and also between man and woman. The seminar's findings should particularly appeal to the middle class women who have benefited from the process of development and who could help the others, of their own class or of lower classes, now left out. The 'invisibility barrier' once broken by them will certainly bring about effective participation by women from all walks of life. All the important variables that impinge on and determine women's role in the rural sector, if taken into account, will surely result in fulfilling the objectives of the best-intentioned policies and programmes.

-SHANTA KOHLI-CHANDRA

## The Finance Commissions of India

S. Venu, Madras, Institute of Financial Management and Research, 1978, pp. 174, Rs. 35.

The book is an outcome of a study undertaken with the primary objective of making recommendations to the seventh Finance Commission on its terms of reference and on any other aspect of Centre-State fiscal relationships. The author has done a good job by making a comprehensive study of the various facets of 'fiscal federalism', specially in the context of the present growing demand of larger autonomy made by the State Governments, motivated by the need for larger financial resources. The first 100 pages of the book, dealing with the evolution of fiscal federalism in eight countries, the rationale of fiscal federalism, the devices of fiscal adjustment, Centre-State financial relations in India up to 1951, and the six Finance Commissions are historical in character. In the chapter titled 'Reform of the System' which follows the historical treatment, an analysis of the fiscal position of the States from 1967-68 to 1977-78 has been made. The author, with the help of 'reflection ratios' of taxation, i.e., built-in flexibility, income elasticity and buoyancy of Central and State taxes, disproves the claim that the States do not possess elastic sources of revenue. The States' view points with regard to tax sharing are also summed up.

The study points out that despite the complex weightage built in for backwardness in respect of excise duties and the change in the devolution formula for income-tax from the ratio of 80:20 to 90:10 for population and collection, respectively, the general redistributive results have been regressive. The compensatory effects of upgradation grants have not fully neutralised the overall regressiveness of the resource transfer mechanism. As regards

devolution between the Centre and the States, it is recommended that the proceeds from income-tax and excise duties both should be divided on a 50:50 basis, thus bringing down the share of the States in the income-tax pool from 80 per cent to 50 per cent but raising the share of excise duties from 20 per cent to 50 per cent. It is viewed that between the income-tax and excise duties there is no rationale for a separate tax sharing formula, because both the levies are collected all over the country and in all the States, affecting various segments of the population. On a 50:50 sharing basis, the States will get nearly Rs. 2,600 crores or Rs. 1,000 crores more. However, following this recommendation, the income-tax surcharge and auxiliary excise duties will remain with the Centre. As regards sharing of corporation tax, it is held that there is little rationale in treating it separately and in the long run it should also be in the divisible pool, thus the States having an access to a buoyant source. The study strongly pleads the case for sharing the proceeds of customs duties too with the States and suggests constitutional amendments for such sharing. For all the four taxes and duties brought into the sharing pool, a 60:40 basis of division between the Centre and the States is said to suffice.

The author suggests that the grants-in-aid should be used primarily as instruments of 'horizontal equalisation' among the States. When the share of the States in the divisible pool is raised, whether the Centre will have enough resources to itself, and also to give grants-in-aid to the States, is a question which appears to have been overlooked. The setting up a permanent finance commission, as recommended earlier, is also suggested.

The study is timely, bringing out the issues to be considered by the seventh Finance Commission, and will be of use to those interested in fiscal federalism, though some of its recommendations may not be practicable in the present circumstances.

-B.N. GUPTA

Emerging Leadership in Panchayati Raj System
B.S. Bhargava, Bangalore, Institute of Social and Economic Change, 1977, pp. 47, Rs. 15.

"Political development and democratic growth", according to Sirsikar, "depend on the quality of local leadership and its functioning in the panchayati raj institution." It is, in fact, the most crucial single factor. The author has, therefore, rightly ventured to analyse leadership at the district, block and village level.

The author has chosen Jhunjhunu District (formed in 1949) in the region

known as 'Shekhawati' in the history of Rajasthan for this study and has collected data mostly during 1972-74. The author's claim in the preface to have collected data in early 1977 is, however, not supported in the text. For comparative analysis he has relied on the relevant data pertaining to 1965. Thus the time span for the study is 10 years, 1965-1975, which is quite a significant perspective for a research study, especially when we recall that the panchayat system itself in its present shape was introduced in Rajasthan in 1959.

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However, a noticeable gap, which should be pointed out even at this stage is that Shri Bhargava has not given the parameters of his study clearly. A reader also fails to get an answer to vital questions like the justification for selecting Jhunjhunu out of the 26 districts of the Rajasthan for his analysis, or to the developments that presumably took place in this district during the 10-year period which led Shri Bhargava to make this enquiry.

The sample of the study is comprehensive as it covers all the panchayat institutions in the district comprising: (a) 9 panchayats, (b) 6 panchayat samitis (three of these—Surajgarh, Alsisar and Nawalgarh—are stated to have been selected for intensive study), and (c) the Jhunjhunu zila parishad. The total number of respondents of the study were 51, 37 and 7 respectively. These were classified as 41 elected Panchas (80 per cent), 7 elected sarpanchas (14 per cent), and 3 coopted women (6 per cent) at village level; 31 ex officio members (sarpanchas), (83 per cent), 4 elected pradhans (11 per cent), one coopted woman and one associate (MLA) (6 per cent) at the block level; and 5 ex officio pradhans (71 per cent) and an MP and an MLA (together 29 per cent) as associate members at the district level.

The author put the questions presumably orally to gather the requisite data from the respondents. Since the author had no intention to locate rural leaders either on a socio-matrix or on a psycho-matrix basis, the questions were on the well-known socio-cultural determinants of leadership, that is, age, caste, education, occupation, economic status, religion, sex, and political affiliation.

The author has not been very consistent in his emphasis on the treatment of the determinants; while the discussion on age, caste and political affiliation is detailed, it is short and sketchy in the case of religion, sex, etc. However, some of the findings of interest are that while the age of the members of the panchayats varied between 20 to 54 in 1965, it ranged between 30-64 in 1974. While none in the panchayats belonged to 20-29 age group in 1974, against 8 in 1965, as many as 11 were in the age group 55-64 in 1974, against none beyond 54 in 1965. This trend is clearly noticeable at the block and district levels also.

Castewise analysis indicates a clear domination by higher castes (Brahmin, Rajput, Jat) at all levels; 66.67 per cent at the panchayat level, 83.78 per cent at the block level and 85.71 per cent at the district level. The number of illiterates among the panchayat leaders was as high as 23 out of 51 (49.10 per cent). There was 1 post-graduate, 2 intermediates and 4 matriculates. However, at the block level, this feature was found reversed. There was only 1 illiterate out of 37. Ten were matriculates and above, including 3 graduates and 3 post-graduates. At the district level 6 out of 7 were matriculates and above, including 2 graduates and 2 post-graduates, and no illiterate.

On the basis of annual income, those having Rs. 1,000 to Rs. 3,000 were on top in the panchayat and block levels, 60.80 per cent and 56.76 per cent, respectively. It is a pity that a similar income analysis could not be had at the zila parishad level as the poor response weakened this part of the inquiry.

The ratio of females is also interesting, though at the district level the finding is somewhat misleading as the figure had suddenly swollen because of one MLA, an ex officio member, being a lady. However, it is very significant at this level that, of the remaining 6 members, one was a lady pradhan. The political affiliation of the members, though given, may not be quite irrelevant now though the situation has radically changed after the 1977 election.

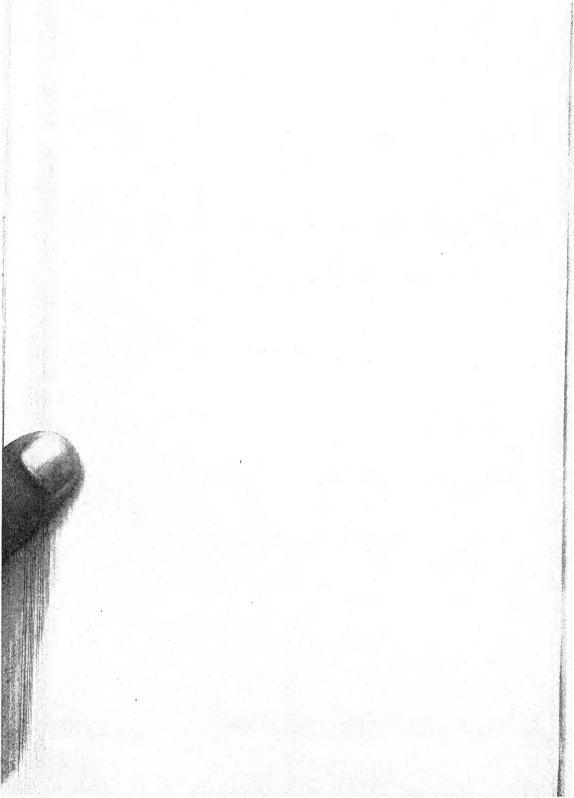
The author has concluded his study summarily by saying that the emerging leadership is neither traditional nor modern and may best be called 'neo-traditional'. But the problem is still left—about the applicability of his findings in decision-making, for reasons mentioned earlier.

-M.K. GAUR



# **Documents**

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# Village Organisation

[The 'Royal Commission Upon Decentralisation in India' was set up in September 1907 with Sir Henry William Primrose as the chairman. Sir Henry resigned subsequently, and Mr. C.E.H. Hobehouse was appointed chairman. The other members of the Commission were Sir F.S.P. Lely, Sir S.W. Edgerley, Mr. R.C. Dutt, Mr. W.S. Meyer and Mr. W.L. Hichens. The Commission submitted its report in 1909. Part III of the report deals with village organisation and local self-government and given below is the chapter on village organisation].

Throughout the greater part of India the village constitutes the primary territorial unit of Government organisation, and from the villages are built up the larger administrative entities—tehsils, sub-divisions, and districts.\*

"The typical Indian village has its central residential site, with an open space for a pond and a cattle stand. Stretching around this nucleus lie the village lands, consisting of a cultivated area and (very often) grounds for grazing and wood-cutting....The inhabitants of such a village pass their life in the midst of these simple surroundings, welded together in a little community with its own organization and government, which differ in character in the various types of villages, its body of detailed customary rules, and its little staff of functionaries, artisans, and traders. It should be noted, however, that in certain portions of India, e.g., in the greater part of Assam, in Eastern Bengal, and on the west coast of the Madras Presidency, the village as here described does not exist, the people living in small collections of houses or in separate homesteads."†

The villages above described fall under two main classes, viz.

"(1) The 'severalty' or raiyatwari village, which is the prevalent form outside Northern India. Here the revenue is assessed on individual cultivators. There is no joint responsibility among the villagers, though some of the non-cultivated lands may be set apart for a common purpose such as grazing, and waste land may be brought under the plough only with the permission of the revenue authorities, and on payment of assessment. The village government vests in a hereditary headman, known by an old vernacular name, such as patel or reddi, who is responsible for law and order, and for the collection of the government revenue. He represents the primitive headship of the tribe or clan by which the village was originally settled.

"(2) The joint or landlord village, the type prevalent in the United Provinces, the Punjab and the Frontier Province. Here the revenue was formerly assessed on the village

<sup>\*</sup>Panchayat comes from panch, 'five'. but the body so called is not limited to the number. Many castes in towns and village, have also their own panchayats, which deal with business, social and religious matters common to the caste.

<sup>†</sup>Imperial Gazetteer, Vol. IV, p. 279.

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as a whole, its incidence being distributed by the body of superior proprietors, and a certain amount of collective responsibility still as a rule remains. The village site is owned by the proprietary body, who allow residences to the tenantry, artisans, traders and others. The waste land is allotted to the village and, if wanted for cultivation, is partitioned among the shareholders. The village government was originally by the panchayat or group of heads of superior families. In later times one or more headmen have been added to the organization to represent the village in its dealings with the local authorities; but the artificial character of this appointment, as compared with that which obtains in a raiyatyari village, is evidenced by the title of its holder, which is generally lambardar, a vernacular derivative from the English word 'number'. It is this type of village to which the well-known description in Sir H. Maine's Village Communities is alone applicable and here the co-priorities are in general a local oligarchy with the bulk of the village population as tenants or labourers under them."\*

The Indian villages formerly possessed a large degree of local autonomy, since the native dynasties and their local representatives did not, as a rule, concern themselves with the individual cultivators, but regarded the village as a whole, or some large landholder, as responsible for the payment of the government revenues, and the maintenance of local order. This autonomy has now disappeared owing to the establishment of local civil and criminal courts, the present revenue and police organization, the increase of communications, the growth of individualism, and the operation of the individual *rayatwari* system which is extending even in the north of India. Nevertheless, the village remains the first unit of administration; the principal village functionaries—the headman, the accountant, and the village watchman—are largely utilised and paid by government, and there is still a certain amount of common village feeling and interests.

### PRESENT VILLAGE ORGANISATION IN THE PROVINCES

In Madras, where village officers are usually hereditary, the village headman, besides being responsible for the collection of the revenue and for the maintenance of order, has also petty civil and criminal powers.

In Bombay proper there is a single headman (or *patel*) in the smaller villages, exercising revenue and police functions. In the larger villages there are separate revenue and police *patels*. Police *patels* have petty criminal powers, and petty civil jurisdiction is exercised by village *munsifs* appointed under the Deccan Agriculturists Relief Act. The village officers are generally hereditary in the Deccan districts. In Sind such village organization as exists is feudal or tribal rather than communal.

In Bengal and Eastern Bengal there are, as a rule, no recognized headmen of individual villages for government purposes. In Assam there are assemblies of village householders styled *mels*, who elect their headmen subject to the approval of the deputy commissioner or sub-divisional officer. These headmen are recognised by government, report vital statistics, and are supposed to assist the police, but do not collect land revenue. The *mels* deal privately with cases brought before them for arbitration.

In the United Provinces there are no definite village headmen and the *lambardars*, there are merely representatives of a number of co-sharers in matters affecting the government land revenue, while the position in this respect is much the same in the Punjab. Village *munsifs* dealing with petty civil suits have, however, been appointed, of late years, in the United Provinces.

<sup>\*</sup>Imperial Gazetteer, op. cit.

In Burma village headmen are elected by the villagers, subject to the approval of the deputy commissioner, and the posts generally continue in the same families. The headman, who is also the village accountant, collects the revenue, and has power to deal with petty civil and criminal cases. There are village "elders" who take an informal part in the village administration, but are not recognized by law. They assist the headman, however, in distributing the incidence of the *thathameda*, a rough household tax, in Upper Burma. The Burma law imposes a certain amount of collective responsibility upon the villagers in cases of crime.

In the Central Provinces proper, the village headmen (*mukaddams*) are merely selected representatives of the landholders. Berar possesses the Deccan system of hereditary *patels*, but these have no criminal powers.

In Baluchistan and the North-West Frontier Province the organization is tribal rather than by villages, and the connexion of the people with the work of government is mainly through the *jirgas* described in Chapter XII.\*

Certain artificial organizations have also been formed by government in large villages or groups of villages, for specific purposes, viz.:

- (i) In Madras, local fund unions have been constituted for the purpose of dealing with village roads, sanitation and lighting; and they are empowered to levy a small house-tax. Their affairs are administered by nominated committees, styled panchayats, with a nominated chairman, and the headman of each village included in the union is ex officio a member of the panchayat. There are nearly 400 of these unions in the Province, the proportion varying in different districts. They do not represent a complete network of petty rural boards, but merely include specially large or important village centres. There are a few unions of a somewhat similar character in the two Bengals.
- (ii) In the United Provinces, Bombay and the Central Provinces, special funds are raised, or allotted, for works of sanitary improvement and minor local purposes, in important villages. The administration of these, and the assessment of a local rate, is carried out with the assistance of local committees, which are usually nominated, but include an elective element in the Central Provinces.
- (iii) In the two Bengals villages have been formed into groups for the purpose of the chaukidari or village police. A local tax is levied for the support of this force, and the taxation is in the hands of small panchayats appointed by the district magistrate. The present tendency is to give these bodies some power in connexion with the control of the village police, and to utilize them more fully in other directions.

#### DESIRABILITY OF CONSTITUTING VILLAGE PANCHAYATS

Some witnesses hold that the disintegration of the village communities which has taken place under our administration has gone so far that it is not possible to reconstitute them as reliable entities in any scheme of local self-government. There is, however, a large and strong body of opinion in favour of enlisting the help of the people in local administration in the villages, by the establishment of administrative village councils which should bear the time-honoured title of panchayat. The common traditions of a village; the fact that its inhabitants are largely connected by ties of blood and caste, and have many interests in common and the measure of corporate life still existing in the Indian villages, which is shown

<sup>\*</sup> Not reproduced here.—Ed.

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occasionally by voluntary self taxation for special purposes warrant action of this description.\*

We do not think it possible, even if it were expedient, to restore the ancient village system, under which the community was responsible for each of its members, and in turn claimed the right to regulate his actions; but we hold that it is most desirable, alike in the interests of decentralization and in order to associate the people with the local tasks of the administration, that an attempt should be made to constitute and develop village *panchayats* for the administration of local village affairs.

We are of opinion also that the foundation of any stable edifice which shall associate the people with the administration must be the village, as being an area of much greater antiquity than administrative creations such as tahsils, and one in which the people are known to one another, and have interests which converge on definite and well-recognized objects like water supply and drainage. It is probable, indeed, that the scant success of the efforts hitherto made to introduce a system of rural self-government is largely due to the fact that we have not built up from the bottom.

There are, it is true, many witnesses, both official and non-official, and especially in Northern India and Sind, who doubt whether the people are sufficiently advanced in education and independence for any measure of village autonomy, and who hold that religious and caste disputes, and the factions so common in village life, will prevent the development of a healthy public spirit. Some anticipate oppression of the lower castes or classes by the higher; and others point out that, in large estates, the influence of the landlord may prevent free action by his village tenantry. Even those witnesses who are not impressed by such fears urge the necessity of a gradual and cautious advance, of judicious and sympathetic guidance, and of outside control, extending even to the supersession of panchayats which may have abused their powers.

The fact is that the character of villages varies materially, not merely in the different provinces, but in different areas within the same province, and even within individual districts and tahsils. They are in different stages of adequate organization for common action, and even where the material for such organization exists, public spirit may be poisoned by caste and faction disputes.

While, therefore, we desire the development of a panchayat system, and consider that the objections urged thereto are far from insurmountable, we recognize that such a system can only be gradually and tentatively applied, and that it is impossible to suggest any uniform and definite method of procedure. We think that a commencement should be made by giving certain limited powers to panchyats in those villages in which circumstances are most favourable by reason of homogeneity, natural intelligence, and freedom from internal feuds. These powers might be increased gradually as results warrant, and with success here, it will become easier to apply the system in other villages.

Such a policy, which must be the work of many years, will require great care and discretion, much patience, and judicious discrimination between the circumstances of different villages; and there is a considerable consensus of opinion that this new departure should be made under the special guidance of sympathetic officers.

<sup>\*</sup> In the Punjab, for example, villagers in many cases levy local octrois, or fees on market transactions (malba) on their own account, and spend the proceeds thus obtained for certain common purposes.

## PANCHAYATS SHOULD BE UNDER THE DISTRICT AUTHORITIES

We do not, however, agree with the suggestion that the organization of village panchayats should be entrusted to the registrars of co-operative credit societies in the various Provinces, for we deem it essential that the movement should be completely under the eye and hand of the district authorities. Supervision of affairs in the villages is, and should remain, one of the main functions of tahsildars and sub-divisional officers; but we recognize that, at the outset, it may be desirable to allow a special assistant to the collector to organize and develop panchayats throughout a district.

### UNIT OF PANCHAYAT ADMINISTRATION

Some witnesses consider that several villages should be grouped under a single panchayat, in order to afford a wider field of selection for these local councils and to minimize obstacles to their effective working which might accrue from local factions or disputes within a village. While recognizing the necessity for latitude to meet special local circumstances, we are not in favour of the general adoption of such a course. It would bring into existence a fresh set of artificial organisms, whereas we consider it essential to utilize the local feelings and interests of the individual villages. The village should, therefore, be the ordinary unit of administration, but grouping might be allowed in special cases, as where villages are small and close together, or where it is absolutely necessary to neutralize village factions.

The village council or *panchayat* should be a small body. The precise number must depend upon local circumstances, but five would, we think, be a good average. Where there is a recognized village headman who is personally competent, he should, we think, be *ex officio* chairman of the panchayat, as being *ex hypothesi* the most influential person in the village.\*

We are not in favour of the appointment of the members of the panchayat by outside nomination as proposed by some witnesses. This would defeat the object we have in view, of enlisting the interest of the villagers as a whole, while it would encourage interference by subordinate officers of government, upon whose recommendations most of the nominations would have to be made. We agree, therefore, with those who desire that there should be a system of election, but we do not contemplate any method which would introduce into the villages the unfamiliar machinery of lists of qualified voters and ballot boxes. What we have in view is a system of informal selection by the villagers at a meeting called for the purpose by the tahsildar, the sub-divisional officer or the special officer for panchayats where one exists. At this meeting the raiyats would be asked to indicate the persons whom they considered best fitted to sit on the village council. In most cases a satisfactory selection would soon be made, but in the event of the meeting showing the existence of acute faction or caste feelings, it would be necessary—if a panchayat was to be constituted in these circumstances—for the presiding officer to see that it contained representatives of different interests.

<sup>\*</sup>Sir F. Lely and Mr. Meyer think, further, that while the hereditary system in respect to village officers is valuable, the Sub-divisional officer should have power to select the best qualified man from a family which has hereditary claims, and to keep him in office so long as he is of good behaviour. The system of primogeniture as applied in Madras, and the Bombay method of distributing village posts among members of hereditary families, allowing each member only a term of office of some five years, obviously militate against the universal efficiency of the village officers.

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Where there is no recognised village headman, the chairman of the *panchayat* should be selected in a similar manner.

The precise period for which a member of a panchayat should continue to hold office must be determined by the local governments with reference to varying local conditions. While, however, we consider that the villagers should have opportunities of reconsidering the choice they had originally made, it would be undesirable to make elections at all frequent, and a man once appointed should, so long as he remains of good behaviour, hold office for a substantial term of years and be eligible for re-election. The sub-divisional officer should have the power of removing any member of a panchayat whom he considers to have shown himself grossly unfit for his post.

Vacancies in the *panchayats* should be filled up, as convenient, in the same way, as the original appointments.

#### **FUNCTIONS OF PANCHAYATS**

Many duties and powers have been suggested for these panchayats, but even those witnesses whose proposals take the widest range would confer them only by degrees and as justified by experiment. We too consider that functions must be gradually and cautiously assigned, and that they must vary with the circumstances of the locality and with the manner in which the *panchayat* discharges the duties first placed upon it. We make, however, the following general suggestions.

A panchayat should have civil and criminal jurisdiction in petty cases arising within the village.

We are told in the Punjab that the native states of Patiala and Faridkot had recently instituted *zail* or village *panchayats* for the disposal of petty civil and criminal cases, and that the results so far had been good.

Some witnesses hold that the exercise of such powers might lead to injustice, through faction, corruption, or undue personal influence; and the opinion has also been expressed that as popular sentiment has become accustomed to regular courts, it would not now tolerate a more summary and informal procedure. On the other hand, such jurisdiction is already exercised by individual headmen or munsifs in several provinces, and it seems to us that it would be still better discharged by a small collective panchayat. It is also most desirable to relieve the regular courts, to prevent the people from having to undertake long journeys for the settlement of paltry disputes, and to check the habit of undue litigation which is so prevalent in some parts of India. Village benches may no doubt occasionally make mistakes, but neither are the stipendiary courts infallible; and false evidence, and the power of the purse, have less chance of prevailing in a tribunal which is directly under the influence of local public opinion and which can readily ascertain the real facts.

In Burma, where the headmen already exercise powers of this description individually, the weight of the evidence was against associating the village elders with him; but it seems to us that the elders are a valuable element in village administration, and that if their existence and responsibilities are not specifically recognized, they may tend to die out. Such want of specific recognition apparently led, in the past, to a substantial diminution in the powers of village headmen in Lower Burma.

The procedure in panchayat courts should be under very simple rules, and we agree with those witnesses who hold that the parties should appear in person and not through

lawyers, and that appeals should not be allowed, though the regular courts might be given special revisional jurisdiction in cases where there appears to have been some grave miscarriage of justice. To do more than this, and to allow the decisions of the *panchayats* to be governed by the technicalities of ordinary legal procedure, with full facilities for appeal, would, we think, be fatal to the success of the system we propose. What we desire is a village court of equity, and not a necessarily bad imitation of the regular law courts.

The next sphere we would suggest is a delegation to *panchayats* of expenditure for the construction and repair of local minor works such as wells and drinking water tanks, the cleansing of the village, and the upkeep of village roads, and of buildings such as rest houses for travellers.

It is generally admitted by persons conversant with Indian conditions that the attempt to force rural sanitation from above has failed, and we think it desirable to encourage panchayats to keep their villages clean in their own way. A fair chance should also be given to them to show that they can do justice to other communal work, of the character above described.

Another function which may be given to *panchayats* likely to take an intelligent interest in education, is the construction and maintenance of village school houses according to the ordinary standards of the country. This system appears to have been already adopted, in part, in Burma and Assam, and we should like to see it tried elsewhere, in preference to recourse, as lately in Madras to the more expensive agency of the public works department.

We would also allow the *panchayats* some local control over the village school in such matters as hours of attendance, holidays, prizes and (subject to general rules) the exemption of poor children from school fees. In some provinces—Bombay for instance—there appears to be even now a village school committee which occasionally visits the school and makes suggestions, and if the *panchayat* were constituted the school committee and given some definite powers, it would obviously take more interest in these matters.

The appointment of the schoolmaster, the educational curriculum, and the inspection of the school, must, however, be left to the sub-district boards of which we treat in the next chapter for the teaching staff could not be safely made dependent on the favour of a few influential villagers.\* In villages in which caste feelings are acute, special outside provision may also have to be made for the education of low-caste children.

In short, though the panchayats cannot have the full control of the village rate-aided schools, they should be encouraged by the bestowal of positive powers to take as much interest in them as possible. We regard it, further, as very important that the development of primary education should be preferably by grants in aid to indigenous institutions, where such can be utilized, including the monastic schools in Burma, and the mullah and Koran schools in Sind, the Frontier Province and Baluchistan. Agencies of this sort will be more utilized if the panchayats are given some voice in local education.

We would also commit to selected *panchayats* the management of small fuel and fodder reserves in conformity with a few simple and essential rules. This would be in accordance with the policy suggested by the Government of India in 1894 in a Resolution to which we have

<sup>\*</sup>Sir F. Lely and Sir S. Edgerley would leave to the education department any functions which the *panchayat* cannot discharge. They see a positive disadvantage in putting a second local authority in a position of control over the *panchayat* as regards the village school.

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referred in Chapter V.\* The fact that some previous experiments in this direction are said to have been turned by influential villagers to their own gain, and to have eventually failed; suggests, however, that a new trial should be confined, in the first instance, to specially selected places.

Other suggestions made are to the effect that *panchayats* should have the control of village pounds and markets; and that they should be entrusted with the distribution of lump remissions of revenue or loans to agriculturists, with the distribution of irrigation water, with the location of the sites of liquor shops, and with the local administration of famine relief or of measures to combat epidemic disease.

We think that the management of the village cattle pound and of a market which is of purely local importance, might be safely handed over to these bodies. As regards matters appertaining to revenue, agricultural loans, or the distribution of irrigation water while we do not say that these should always remain outside the scope of the *panchayats*, duties, we think that the village councils will, at the outset, be fully employed in the discharge of the functions we have already suggested for them. A *panchayat* which is working efficiently would, however, form an obvious and useful auxiliary in regard to measures against famine or epidemics.

In matters entrusted to them the *panchayats* should be judged by general results, and an occasional failure must be expected and should not be dealt with harshly. If, however, *panchayat* shows that it is definitely unfit for the exercise of particular powers, these must obviously be withdrawn, and the proper person to do this should be the sub-divisional officer, or the special officer for *panchayats* where one exists.

Where legislation is required to admit of the grant of powers to panchayats as suggested above, it should be of a very general character, containing wide rule-making powers, so as to enable local authorities to provide for different circumstances and gradual progress.

We consider it essential to the popularity and efficiency of the *panchayat* system that it should not be associated with any new form of local taxation, for the evidence shows that the imposition of taxation of this character has made such bodies as the existing unions and sanitary committees unpopular. Still less should such bodies receive power to raise loans, as was suggested by Sir H. Risley.

A panchayat's revenue should be derived from the following sources:

#### PANCHAYAT'S REVENUE

- (i) The assignment to it of a portion of the land cess levied for local board purposes in the village. We have had evidence that many villages do not now receive any material advantage in return for the share of this cess which they now pay.
- (ii) Special grants, for particular objects of local improvement, to be made by subdistrict boards or Collectors.
- (iii) The receipts from village cattle pounds or markets which may be entrusted to its management.
  - (iv) Small fees on civil suits filed before it.

<sup>\*</sup> Not reproduced here.—Ed.

In dealing with the funds entrusted to them, panchayats should be subject to very simple rules and not to rigid audit.

The amounts placed at the disposal of a *panchayat* need not be fully expended within each financial year; balances could accumulate to the credit of a village fund until such time as they can be utilized to real purpose.

Finally, it is most desirable that the work of *panchayats* should be free from interference by the lower government subordinates. Men of this class have their own reasons for opposing any real local control.

With the *panchayat* system thus developed, we do not consider it necessary to retain the artificial local agencies we have already referred to, such as village unions, sanitary committees, and the *chaukidari* unions in Bengal for purposes outside those connected with police. Where villages now under this sort of administration are not of a sufficiently urban character to justify their being placed under town *panchayats* of the kind we refer to in Chapter XX\* they might be merged in the ordinary villages *panchayat* system.

It has been suggested by some witnesses that village panchayats should be placed under district or sub-district boards. We are not in favour of such a plan. The powers and responsibilities which we suggest for these boards in the following chapter\* will give them full employment, and they can now be competent to deal with large numbers of village panchayats in different stages of development or to determine how far the powers of such bodies can be increased. The supervision of panchayat affairs must rest with the local officers of government and it will be for them to afford the requisite guidance and to determine when new panchayats may be brought into existence, and in what measure the powers of existing panchayats should be increased, or, if necessary diminished or taken away. The sub-district boards may as we have suggested, give grants to panchayats for objects of local utility, and can, of course, cease to give these if they consider that previous grants have not been well applied. They will also come into contact with the panchayats in the matter of the management of village schools, but their control should stop there.

We have had evidence, in some provinces, as to the present under-payment of village officers, and their resort to corrupt practices, and we think that this matter ought to receive the serious attention of the Indian Governments.

As stated in a previous chapter\* all matters relating to the appointment and removal of village officers should be dealt with by the sub-divisional officer, and there should be no appeal from his orders beyond the collector.

The Punjab, and apparently the Frontier Province also, has a system of zails, or groups of villages, at the head of which is a zaildar, who supervises the village lambardars and receives remuneration from Government. In some districts these zaildars tend to become hereditary, and we have had evidence that they are a useful element in connecting the administration with the people.

<sup>\*</sup> Not reproduced here.—Ed.

# Participation and Representation of the People

[The Division for Public Administration of the Department of Economic and Social Affairs of the United Nations carried out a study in 1962 on 'Decentralisation for National and Local Development.' The purpose of the study was to identify the principal forms of decentralisation and to provide guidance on methods of dealing with the main administrative problems likely to be encountered under each. The chapter in the study on 'Participation and Representation of the People' is given below.]

An important reason for decentralization is to develop more effective popular participation in local affairs, including activities of the central government that are carried out locally. Such participation not only enhances the dignity of the individual and the sense of community at all levels, but also adds vitality to governmental programmes and provides a means for local control over them. It makes the programmes more responsive and better adapted to local needs. Moreover, through participation, members of the community may be induced to do more on their own initiative and to make a fuller contribution to government programmes.

The word 'participation' is used broadly to refer to the role of members of the general public, as distinguished from that of appointed officials, including civil servants, in influencing the activities of government or in providing directly for community needs. It may occur at any level—from the village to the country as a whole. It may be only advisory, as in the case of an advisory committee to a minister, provincial governor or head of a hospital; it may involve decision-making, as in the case of governing bodies of local authorities; and it may extend to actual implementation, as occurs when villagers decide to carry out a community self-help project. The participation may be direct, as in community projects and in the work of private welfare organizations, or it may be indirect, through elected officials and representatives. In the latter case, the degree of participation will depend on the extent to which the election process makes the officials or representative bodies responsive to public opinion. Individuals may participate through non-governmental or statutory bodies. The latter may be concerned with only one function (special-purpose bodies) or with a number of decentralized functions (multi-purpose local authorities).

The extent of participation—whether direct or indirect—may be regarded as a function of communications in the broadest sense: good communication among people, especially within a community, leads to the identification of common interests and needs and to direct action to satisfy them. Good communication between the people and their government leads to responsiveness to national programmes on the part of the people and to local needs on the part of political leaders and public servants.

The problem of increasing participation by people in development programmes may therefore be viewed as one of improving communications. The obstacles to communication within a village may be a highly stratified social and economic structure resulting from concentration of land ownership or for other reasons; stagnation resulting from poor leader-

ship and lack of contact with the outside world; or oppressive circumstances that have produced apathy and despair.

The obstacles to communication between people and their government may be due not only to these factors but also to physical barriers—lack of roads, waterways or other easy means of travel; wide-spread illiteracy; linguistic differences which may separate even neighbours—as in Southern Sudan where some 140 languages or dialects are spoken; differences in attitudes and outlook and in semantics which create gulfs even between people—such as city and country dwellers—who speak the same language; and defects in the system of representation which make the government less responsive than it might otherwise be to the views of all elements of the population.

A broad and varied approach is required to remove these obstructions in order to increase participation by the people in activities conducive to their own and the nation's development. The United Nations has conducted a number of studies of various aspects of community development programmes, i.e., programmes to stimulate self-help effort, to provide technical and material help to make such effort effective and to associate the people generally with government activities. This chapter reviews the administrative implications of such programmes. It also examines the use of special-purpose statutory bodies and methods of constituting the governing bodies of local authorities with a view to indicating the different ways in which participation by the people can be arranged and how these open up broader possibilities for decentralizing the administration of a service. Although the focus is on arrangements for popular participation outside the national capital, these are inevitably affected by the nature and degree of participation and representation of the people in the national government. Indeed, in the smallest countries, effective representation and control by the people at the central level may, together with special arrangements for participation locally in centrally administered services, render rural local authorities above the village level unnecessary.

The emphasis is on structural aspects of direct and indirect participation, but it should be borne in mind that the attitude of governmental leaders and civil servants at all levels is of crucial importance. (This aspect is discussed in Chapter VI.\*) Popular participation at the local level cannot grow in an atmosphere of either arrogance or paternalism. It flourishes best where those exercising public authority at the highest level are themselves broadly representative of the people and understand the value of participation by people at all levels of government.

#### COMMUNITY DEVELOPMENT AND OTHER VOLUNTARY EFFORTS

People are usually willing to co-operate with one another to satisfy their mutual interests and needs. They may be inhibited from doing so owing to obstructions in

¹Public administration aspects of community development programmes (Sales No.: 59.II.H.2); Community development and economic development: Part I—A study of the contribution of rural community development programmes to national economic development in Asia and the Far East (Sales No.: 60.II.F.6/Part I); Approaches to community development in urban areas. Notes on recent experience in twenty-four countries and territories, documents ST/SOA/SER.0/32 and ST/TAO/SER.D/32; and Community development and related services (Reprint from the Official Records of the Economic and Social Council, Twenty-fourth Session, Annexes, agenda item 4, document E/2931).

<sup>\*</sup> Not reproduced here-Ed.

communications or for other reasons. But it can be assumed that the will to participate in the betterment of the community or in the pursuit of other common interests is ever present and that, where circumstances are favourable, it will find expression spontaneously or through outside stimulation.

An important test of any programme of decentralization is the freedom it allows for the expression of the will to individual and community betterment, its encouragement of positive measures to stimulate and abet its expression and the restraints which it imposes to protect the public interest.

In some countries, non-governmental organizations have been forerunners of government action in specialized fields, such as social welfare, education and health, and can often usefully supplement government effort. Where they are subsidized by the government to provide such services, they pose special problems of decentralization, for example the problem of determining the relationship of these organizations to the government, of selecting the organizations that are to receive grants and calculating the grants, of setting and maintaining standards and of imposing sanctions if standards are not maintained.<sup>2</sup> Although some of the generalizations regarding relationships of central technical agencies to local authorities are applicable also to relationships of central or local government agencies with non-governmental organizations that perform technical services, the distinctive problems of the latter merit separate study.

'Voluntary' action at the village level may be rooted in the community's social organization, customs and communal ownership of lands, with sanctions, not unlike those availble to local authorities, applied for failure of members to contribute their services. These traditional organizations, especially those which choose their leaders and reach decisions on the basis of a wide consensus of the adult members of the community, may be useful for introducing new ideas and practices, effecting community improvements and associating the people with government programmes of technical services. In such cases, local leaders may need training for their new responsibilities, but if the customary form of organization can be adapted to perform new functions, while continuing to perform important traditional

<sup>&</sup>lt;sup>2</sup>The following are some guides formulated in Uganda for the use of grants-in-aid to associate non-governmental agencies with the government's social welfare programme: (a) the agency must, in order to qualify for aid, be active for two years before applying, satisfy certain minimum standards and perform an essential social service, i.e., one which fulfils a function within the Government's programme and which the Government would otherwise have to provide entirely at its own expense; (b) a grant to a non-governmental agency is not an annual entitlement but is dependent on an assessment of whether it has fulfilled the intended purpose and whether it would continue to be useful; (c) a grant is made for a specific purpose which may not include all activities of such an agency; (d) an aided agency must submit an audited balance sheet and a detailed estimate annually; and (e) grants for capital expenditure are not made from the amounts available for subventions to non-governmental agencies. Report of the Expert Group Meeting on the Organisation and Administration of Social Welfare Services, held at Abidjan, Ivory Coast, April 1962 (E/CN.14/169). This Report stresses the importance of close consultation between government and non-governmental agencies at national and local levels, leading to supervision, advice and assistance by the government to the extent necessary to ensure that minimum standards are maintained and national policies observed in the administration of aided activities. The report also note the use in some countries of legal measures, such as requirements for registration or licensing of non-governmental agencies, to enable the Government to protect the public interest (e.g., against dishonesty) in their operation.

ones, it may be an element of strength in the national structure and merits treatment accordingly.

Where the customary organization cannot be adapted to new functions or is virtually non-existent, community development methods can be applied to bring people together for the furtherance of their common interests and in due course to give new vitality and form to community organization.

Community development programmes provide the means for stimulating people to do what they can for the betterment of themselves and of their communities, whether through traditional or new community organizations. All programmes have the following requirements:

- (a) Village level workers to induce self-help effort. They are the key elements of a programme. The area coverage of paid village level workers depends on the functions they are expected to perform—that is, whether solely functions involved in stimulating self-help or also technical functions on behalf of one or more technical services, and also on the availability of voluntary leaders and workers within the communities. In some countries (e.g., Ceylon and Jamaica), there are enough experienced community leaders to render paid general purpose workers at the village level unnecessary;
- (b) Community education materials and facilities for training village level workers, community leaders, technical and administrators in community development methods;
- (c) Timely technical and material help to make the will to self-help effective. This calls for liaison with technical agencies and, often, special arrangements to help communities build community facilities;
- (d) Institutional means, such as local government and co-operatives, to maintain facilities and support activities initiated through self-help effort. Local government may itself be the source of technical and material support of community self-help projects; where it is expected to maintain such projects, its advance approval will normally be required.

The extent to which national leaders actively support the community development approach to public administration and social and economic development will substantially influence the nature and scope of community development programmes.

The United Nations study entitled *Public Administration Aspects of Community Development Programmes* classifies programmes broadly into three types for purposes of administrative analysis, as follows:<sup>3</sup>

- (a) Adaptive-type programmes: those that are nation-wide in scope but limited for the most part to the catalytic function of stimulating the self-help effort of the people and to liaison with the technical services for support of such effort. They are termed adaptive-type programmes because they can be attached to almost any department and otherwise adapted to the prevailing organization of government;
- (b) Integrative-type programmes: those comprehending not only the general catalytic function at the community level but also the co-ordination of technical services at all levels and the nation-wide extension of these services in ways that will be coherent at the level at which they reach the people and will elicit their understanding and active participation. They are termed integrative-type programmes because of their special organizational features. Administrative responsibilitiy

<sup>&</sup>lt;sup>3</sup>Op. cit., pp. 5-9.

for such a programme is best placed either in the office of the chief executive or of a "neutral" ministry, *i.e.*, one that does not have responsibility for a major technical service.

(c) Project-type programmes: those that are multi-functional but are confined to certain areas of a country. These programmes often develop, in the absence of a nation-wide purpose programme, from the independent effort of a technical service to organize communities in a given area for the furtherance of its particular programmes. Experience has proved that these single-purpose programmes must, if they are to be effective, take on or attract related technical activities. Project-type programmes have also been organized to foster development of special ethnic groups or regions.

These different types of programmes have distinctive public administration problems, which are analysed in the study to which reference has been made. They can also influence the form of decentralization in a country. The integrative-type community development programmes have been forerunners in a very real sense of the comprehensive local government systems being established in India, Pakistan and the United Arab Republic. Directly or indirectly elected bodies with statutory authority have been established where only informal community development committees existed. The new local authorities provide the institutionalized means for consolidating many of the gains brought about through community development activities, but they do not necessarily displace these activities. Village level workers can usually still perform useful functions, serving as channels of information for community education purposes, as catalysts to bring together people with common interests, as a stimulus to self-help effort and as an aid to local authorities at the village level.

Similarly in the Philippines, the integrative-type programme led to more concerted effort among representatives of technical services and local authorities at provincial and municipal levels and also to the granting of local authority status to *barrios* (villages).

Adaptive-type programmes in some countries in Africa South of the Sahara and in the Caribbean have developed hand in hand with efforts to improve local government and, in some cases, have assisted technical services in gaining popular participation in their programmes.

The following guide, based on the experience of countries with nation-wide community development programmes, may be useful in organizing people locally for community development purposes:

"General purpose committees (or other bodies) may be utilized successfully as instruments of community development at levels where statutory local bodies do not exist or as means of effecting basic changes in local government, but they are likely to fail if they exist alongside statutory bodies and there is no pre-conceived plan to relate them in a meaningful way to local government."

The Asian Seminar on Planning and Administration of National Community Development Programmes made the related point that where local government institutions exist only at a higher level, ad hoc bodies may be effective in the villages. "These ad hoc bodies should lay the foundation for local government which is considered essential for the successful operation of a community development programme."

<sup>4</sup>Ibid., p. 52.

<sup>&</sup>lt;sup>5</sup>Report of the Asian Seminar on Planning and Administration of National Community Development Programmes, ECAFE, 5 September 1961, p. 22.

### POPULAR REPRESENTATION THROUGH LOCAL AUTHORITY COUNCILS

General meetings of villagers, although suitable for achieving a consensus on community development activities and also for ratifying certain decisions of a council (e.g., those involving the contribution of labour for minor communal services) or for correcting actions of the council, are seldom adequate as the sole governing body of a local authority. A representative council, locally elected or otherwise locally selected, is usually needed for making day-to-day decisions on community affairs. The existence of councils permits the selection of the more qualified individuals to serve as community leaders, encourages the development of their skills through training and experience and fixes responsibility for custody of community property and management of community affairs.

Representation of people through local councils is viewed in this context as a special form of people's participation. It is more formal, it has legal backing and it involves the principle of election. A 'representative' body may contain nominated or co-opted members so long as the elected element is not unduly diluted. Representation is necessary at levels away from the villages and is the only practical method by which large numbers of persons can effectively participate in the processes of advising, decision-making, implementation and control.

The 'representativeness' of councils and, thus, the extent to which the councils can serve as instruments for popular participation in the administration of technical services is affected by the method of electing representatives to councils. This includes the qualifications of electors and their comprehension of the system of elections, the determination of constituencies, the procedure for nomination of candidates, the methods of voting and the basis, if any, for representation of minorities. Where large segments of the population are in effect disenfranchised, through, for example, inequitable districting or property, literacy or similar qualifications for voting, the councils may not be the most suitable or effective means for the purpose. Measures to increase the representativeness of local councils in such cases through redistricting, the addition of members at large or widening of the franchise may be an essential step in decentralization of major responsibilities to local authorities.

There is need for the systematic recording and analysis of experience with councils composed in different ways in order to provide more reliable guides for the composition of local councils. Information is needed on the effects of different methods of electing councilmen, e.g., directly by the people, either at large or on a district basis, or indirectly by councils at lower levels or a combination of the two methods. The effects of contested elections on the working of local councils under different circumstances (e.g., in countries where national political parties are involved in local elections) remain to be determined. There is one view that elections at the village council level should as far as possible be unanimous so that they do not leave estranged feelings or bitter rivalries in their wake. An extension of this view is that local leaders should be selected on the basis of their stand on local—not national—issues. The involvement of national politics in local elections aggravates the bitterness and factionalism that result from contested elections. In Rajasthan, a block grant of four annas per person is made to villages in which panchayat (village council) elections are not contested.

Another view is that where there is a two-party or a multi-party system, political parties cannot be expected to keep out of local elections: their survival may depend upon participation. Moreover, without political party links between the national government and local authorities, the latter would be insulated not only from politics but also from the

<sup>&</sup>lt;sup>6</sup>India, Government of Rajasthan, Cabinet Secretariat, Evaluation Organization, A Report on the Panchayat Elections in Rajasthan, 1960 (Jaipur, India, August 1961), p. 19.

financial and technical support of the national government unless these are automatically ensured by other means. Political parties also serve to educate the people and to stimulate them to act directly or through their government for the betterment of their conditions—prime reasons for decentralization.

It cannot be assumed, however, that contested elections within a two-party or a multiparty system are always the best means of achieving a wide consensus on public policies while at the same time keeping open to society the possibility of alternative courses of action and leaders. They may also result in control by a minority that is unresponsive to the need of other elements of the population. Moreover, multi-party systems can create such confusion as to minimize the official's sense of responsibility to the public and the public's ability to hold elected officials accountable. As a consequence, in countries such as the United Arab Republic and Yugoslavia, forms of representation that do not depend on competition between parties and other means have been devised with a view to keeping government responsive to the general public.

Provision for minority representation in local councils and for co-optation to council committees and the requirement of an extraordinary vote for the adoption of measures by local councils are other means being tried to widen the consensus and to protect minorities where there are two or more parties. Where the elections themselves are designed to achieve substantial unanimity, the effect may be to shift the contest for power to less public processes and so to reduce popular participation in the real decisions.

The size of a council will necessarily affect its representative character and method of operation. It is erroneous to assume that popular representation in council increases as the number of council members increases. At some point, the council's size will have an adverse effect upon both representation and effective operations. If it becomes so large as to be unwieldy as a body, it must necessarily work through committees.

Committees may also, of course, be useful—even where councils are not too large, because they permit members to develop more specialized knowledge and to associate interested citizens more intimately with their work.

It is the council itself, however, which must determine policies and formulate programmes of work. Although recognizing the value of committees, the Working Group on Decentralization favoured vesting responsibility for administration and implementation of council policies in a chief executive who should work under the close scrutiny of the council and its committees. It agreed that where the merit system of recruitment to local government services was well established, "the chief executive could with advantage be a career officer". More will be said in chapter VI regarding the position of chief executive of local authorities; here it should at least be noted that in many countries the chief executive is elected by the people or by the council from among its members.

A career executive officer may, of course, serve under an elected mayor, but a note-worthy inference from the Working Group's discussions is that popular interests are not necessarily best represented and served by election of the chief executive of rural local authorities or by the division of legislative and executive power which often accompanies the direct election of the chief executive. The relative merits of these and other types of arrangements for administration and the circumstances favouring each need to be elaborated through further research. A point worth noting, however, and one which some countries have learned only after bitter experience, is that election of officials other than councilmen (and perhaps the chief executive) of local authorities not only makes effective administration



of services more difficult but also results in less—not more—control by the people of their government. The reasons for this are generally recognized. For example, the greater the number of administrative posts filled by election, the less the voter is able to distinguish between the merits of candidates and the less he is able to fix responsibility for action or inaction on the part of those elected. Moreover, qualified candidates are less likely to present themselves for election than for appointment.

Co-optation of persons with special knowledge or skills to committees or ad hoc bodies of the council and, as a temporary measure, nomination of officials to the council or its subordinate bodies may enable a council to undertake more responsibility for technical services than otherwise. Co-optation should not be to the council itself. One view holds that co-opted members of council committees should not have the right to vote, as this would impair the representative character of the elected bodies. Another view is that co-opted members of committees should not exceed one-third of the total membership but should have the vote. Otherwise, their role would resemble that of consultants and advisors rather than members warranting special statutory provision. Moreover, the council should know whether a committee's advice is unanimous or only a majority view in case co-opted members disagree.

Appointment of civil servants as council members is undesirable. Where the experience of council members is extremely limited, however, appointment of employees of a higher local authority or of the central government may be necessary in order for a newly established council to transact business and to discharge its responsibilities. Often, the same end can be achieved by providing that officials shall attend meetings and give advice without being members or, if members, without voting. Employees of a council should never be appointed as members of that council. Appointment of members should be kept to the absolute minimum and they should be withdrawn at the earliest opportunity.

Appointment of non-officials to local councils is also undesirable not only because it dilutes the representative character of the council but also because it often leads to discord between elected and appointed members. The case for nomination of non-officials usually rests on the argument that educated persons capable of strengthening the council are unwilling to submit themselves to the hurly-burly of election. However, it is not sufficient that a person has the capacity to serve; he should receive his mandate to serve from the people and be willing periodically to subject his actions to their judgement through the ballot box.

Nomination<sup>7</sup> to secure representation of minority groups as a temporary measure stands on a somewhat different footing. Representation of minorities on local councils may be arranged by: (a) nomination; (b) election by an electorate composed of the particular group; (c) election of such a representative by the general electorate; or (d) contest of candidates at a primary election limited to members of the particular group, followed by election by the general electorate. Only where the minority itself or the special arrangement for representation is a temporary feature is the first alternative—nomination—desirable. The second alternative will tend to segregate minorities permanently. The third alternative seems the most suitable if the nominating procedure gives members of the group concerned an effective voice in selecting candidates who will appear on the ballot. The fourth alternative could also have satisfactory results, but it is costly and cumbersome.

In a multi-tier system, higher tier councils could be constituted by direct election or indirectly by having the lower units either send a member to the higher council or meet as a

<sup>&</sup>lt;sup>7</sup>The terms 'nomination' and 'appointment' are used interchangeably, except wherein context 'nomination' refers to the presentation of a candidate for election.

joint electoral college to elect the higher council. There is not enough information to assess the relative merits of the different systems. However, where a higher body must supervise, co-ordinate or work through lower units, indirect election by the lower bodies of at least some members of the higher body has some merit. The representatives of lower bodies could provide useful liaison between the higher and lower bodies and could contribute towards harmonious working relationships. Much the same result can be achieved, however, through direct elections to the higher council, especially if the constituencies for some seats in the higher council are much the same as local government areas.

Whether this principle should be applied to link central legislatures more closely with local councils is another matter. Generally speaking, in order to make the central legislature more representative of the people, its members should be directly elected by the people. In Yugoslavia, all members of the republic and federal assemblies are ex officio members of municipal assemblies; they must inform the voters periodically on their work in the assembly to which they were elected and they can be recalled by the voters according to procedure established by law. In most states of India, members of the state legislatures and of the Federal Parliament are ex officio members of what is in most cases called the zila parishad, the local authority council at the highest level in their constituency. Experience there suggests that such ex officio membership may be useful but should not carry with it the right to vote in the local councils. Further study is needed on the implications, from the standpoint of administration and of popular participation in administration, of allowing members of the central legislature to be ex officio members of local councils or to sun for election to local councils and to hold both offices simultaneously.

#### SPECIAL-PURPOSE BODIES

In addition to multi-purpose local authorities, there are two types of special-purpose bodies at the local level: the special-purpose local authority and the local representative body which exercises functions devolved by a national agency.

The special-purpose local authority, which is not to be confused with a committee of a multi-purpose local authority council, has separate legal status. It is usually the result of initiative taken locally to solve a special problem, usually one affecting either a segment of the population of a local authority area or two or more local authority areas. An example of the former would be a special irrigation district which is constituted and directed by the farmers who will derive benefit from it. Such special authorities may be the institutional outgrowth of community development activities in certain fields and may eventually be absorbed by multipurpose local authorities if the function involved take on a general public character. An example of a special-purpose local authority comprehending two or more local district authority areas is a water district which is governed by a board or commission consisting of representatives of the local authorities concerned. These special-purpose local authorities widen the alternatives available to people locally to solve their problems through substantial reliance on their own initiative and resources.

The second type of special-purpose statutory body—a local representative body which exercises functions devolved by a national agency—is widely used in a number of different

<sup>&</sup>lt;sup>8</sup>The Cambridge Conference on Local Government in Africa, held at King's College, Cambridge, 28 August—9 September 1961, opposed the "pyramid" type of relationship between councils at different levels and favoured direct elections to councils at all levels. See Cambridge University Overseas Studies Committee, Summer Conference on Local Government in Africa (Cambridge University, 1961).

fields. In Burma, there are some thirty advisory committees for as many central agency activities (e.g., State Agricultural Marketing Board and State Electricity Board) in the same district, most of them with a statutory requirement that they meet monthly with the district officer. A review is being made with a view to reducing the number of these bodies. In the United States of America there are also a number of such special-purpose bodies linked with national agencies, especially in the field of agriculture (e.g., soil conservation districts, rural electrification co-operatives, irrigation districts and farmers' associations linked with the work of the agricultural extension service); the problem has arisen of how to keep the governing bodies of these special-purpose bodies representative of the farmers involved and how to persuade those farmers who need the most help to participate. The nationalization of health services in the United Kingdom (in which the health responsibilities of multi-purpose local authorities were transferred to regional hospital boards and executive committees for medical services composed of both medical practitioners and representatives of the public) illustrates how special-purpose bodies may in some cases provide for participation and control by the people of a technical service, the area and other requirements of which cannot be adequately met through multi-purpose local authorities.

The Working Group on Decentralization,\* acknowledging that special-purpose bodies clearly meet important needs, agreed that they are no substitutes for multi-purpose local authorities with wide powers to advise, take decisions and implement a programme designed to meet local needs and to perform such tasks as may be required on behalf of most technical services. It felt that special-purpose bodies at the local level are justified only in cases where local representation in the administration of a service is desirable and when conditions such as the following exist:

- (a) The local council does not possess the technical ability to administer a particular service;
- (b) A programme requires such an intensity of effort that the local councils are not expected to be able to devote sufficient time and energy to it;
- (c) The service has special area requirements for administration which differ substantially from local authority areas;
- (d) The service affects a small segment of the community and it is in the public interest to have a form of representation that differs from that of the council.

The local representative body of a nationally organized special-purpose body may be constituted in various ways, depending largely on the responsibility of the body for administration and on the representation required. For example, in cases where the local body has some administrative responsibility for a service, it may consist of: (a) experts appointed by a central authority; (b) experts and also representatives of the general public or of special interests appointed by a central authority; and (c) experts and representatives of special interests appointed by a central authority with representatives of the general public selected by the council of the local authority.

All or some of the experts or representatives of special interests may, instead of being appointed, be elected by professional or special-interest associations. Where the local body has only advisory functions, it is likely to have a greater proportion of representatives of the general public selected by local councils or of professional and special-interest groups selected by the groups concerned. Needless to say, the experts should be fully qualified and the special-interest representation should not be allowed to develop into a vested interest.

<sup>\*</sup> Convened by the U.N. in 1961 to consider a draft discussion paper designed by the Division of Public Administration to provide the framework for the study of which this chapter is a part—Ed.

Special-interest groups and special-purpose (statutory) bodies can become so numerous as to produce fragmentation in administration and community organization and prevent effective public participation and control. A report on community development in Saskatchewan, for instance, states that:

"Most of our communities have become veritable nightmares of overlapping and underlapping special-interest groups. As a consequence, there is no sense of the 'whole' community. Furthermore, these special-interest groups are often holding at bay equally underlapped and overlapped agencies which 'jab' at the community with the alleged intention of improving the standard of living. Anyone who has studied this situation will agree that such organized community dissection must have disturbing consequences. The result is a 'built-in' tendency for communities to operate well below optimum." 9

Special-purpose bodies should be subject to control and constant review by units of general government at appropriate levels. Co-ordination of these bodies within a multipurpose local authority area may be improved if the council is represented in the special bodies and if the special bodies are represented in the appropriate committee of the council where there is a committee system.

#### PARTICIPATION AND REPRESENTATION OF SPECIAL ETHNIC GROUPS

A special problem of popular participation exists among special ethnic or tribally organized groups, such as nomadic groups, which are found in most developing countries. The problem is whether and to what extent use should be made of the tribal organization as an instrument for performing local services, for representation in local authority councils and other bodies and for gaining participation by the people in development activities.

It is extremely difficult to generalise, because tribal groups differ greatly in size, organization, function, degree of physical, linguistic and cultural isolation, legal status, hostility to outside contacts and so on. Moreover, a controlling factor is the Government's policy with respect to assimilation of the groups into the national life—that is, the nature, extent and speed of assimilation.

The Working Group on Decentralization, while recognizing these differences, identified circumstances which help to narrow the alternatives with respect to forms of participation and representation of tribally organized people. Wide use is made of tribal organizations on a non-statutory rather than statutory basis. For example, tribal leaders and tribal machinery for consultation may readily be used as the channel for participation of the people in community development activities. Tribal chiefs may receive special training to enhance their contribution in community development programmes and the best village level workers will probably be tribal members who are on good terms with the chiefs. Giving the tribal organization statutory recognition in any form is a more delicate proposition and the practice varies widely, depending in part on circumstances.

Where tribes are physically isolated and their leaders have the support of the people, as in many Pacific islands, it may be possible to develop statutory institutions in line with the traditional ones, channeling new ideas initially through the traditional organization and allowing the new forms of organization to grow out of the old for the performance of new

<sup>9</sup>Saskatchewan. Centre for Community Studies. Developing Saskatchewan's community resources. Saskatchewan approaches community development: prerequisites for a social technology (Saskatoon, Saskatchewan, 1961), p. 12.

functions. Where the tribal leaders are losing their influence among the people, as in the Sudan, owing to their failure to take the lead in meeting economic and social needs, modern forms of local government might be introduced, the tribal leaders being given representation on the councils.

Where different tribes are inextricably mingled or where non-tribal groups have effectively established themselves in the same area as tribal groups, difficulties in relationships will inevitably arise. For example, in certain areas there seems to be a well-recognized practice that new tribes penetrating an area accept the authority of the tribe with traditional rights. But this may not always remain so as the newcomers become substantial in numbers. Moreover, non-tribal groups, as their number increases, are not likely to forego their rights to representation and participation in favour of a tribal organization. In such cases assimilation of the tribal organization into the structure of local government must be attempted in a conscious and methodical manner with due regard to tribal aspirations and susceptibilities. While a tribal organization may be left free to regulate, subject to law, the personal affairs of its members, local authorities should be established and developed, utilizing tribal organizations and leaders to the extent possible. Where tribal leaders are conscious of the wind of change and are in the forefront of progress, they will be the natural representatives of the people on local councils and will contribute impetus and popular support to development programmes. It may often be desirable to provide a special place in the local councils for local tribal chiefs for as long as they are able to maintain the respect and support of their group.

In Western Nigeria, chiefs form an integral part of the structure of the regional government (the House of Chiefs alongside the elected House of Assembly) and of local authorities (e.g., a chief may serve as ceremonial president of a council whose chairman is an elected member), and many are in the vanguard of social and economic change. People normally follow the positions taken by chiefs, but the views of the chiefs are usually expressed only after wide consultation and thus tend to reflect the consensus of all concerned.

The Working Group on Decentralization, recognizing the need for additional insights into methods administering public services and providing representation in local councils for nomadic and other special ethnic groups, recommended that the United Nations undertake a study of the problem.

## Local Government in India

[The United Nations (Economic Commission for Asia and the Far East and Division for Public Administration, Department of Economic and Social Affairs) and the Eastern Regional Organization for Public Administration (EROPA), co-sponsored, with the co-operation of the Government of India, an international seminar in October-November, 1963 at the Indian Institute of Public Administration.

The purposes of the seminar were: (a) to enable senior officers concerned with the improvement of local government in Asian countries to exchange information on methods of dealing with common problems and to gain knowledge of relevant experiences outside the region; (b) drawing upon available documentation and their own experiences, to prepare a document for regional use on ways by which the governments can make local authorities more effective instruments of economic and social development; and (c) to identify the studies and technical assistance activities that could be especially helpful to governments in this field.

Twenty-four representatives of fourteen Asian countries holding responsible positions concerned with local government affairs participated.

Prof. V.K.N. Menon, Director, IIPA, served as seminar director in his capacity as Director of the EROPA Training Centre and Prof. N. Srinivasan, Vice-Principal of the IIPA, served as technical secretary and rapporteur of the seminar.

The country paper on India, prepared by Prof. Srinivasan for the seminar, is reproduced below.]

#### BASIC DATA

India has an area of 1,261,511 sq. miles. It comprises sixteen states, and nine union territories under the direct administration of union federal government.

The population of the country in 1961 was 437,235,082 and increases at the rate of 2.2 per cent annually.

The population is predominantly rural (82.2 per cent). Agriculture is almost the only occupation of the rural population, the holdings are small and village housing poor.

Urbanization has been rapid since 1921, the urban population increasing from 10.2 per cent to 17.8 per cent in 1961.

A dozen major languages and a larger number of minor dialects are spoken in the country. Most of the major languages have great literatures and cultural traditions of their own. Hindi is spoken or understood over the greater part of Northern India. English is studied as a second language at the secondary stage in all schools and is the medium of instruction in some. University education is largely through English. Over the whole country, literacy is 24 per cent and is fast increasing.

Internal communications are well developed. Railways are adequate and are supplemented by inland water-ways. There is a good road network (31 miles per 100 square miles) and most of the principal towns are linked by internal air services. Postal facilities extend to all parts of the country, and all urban centres are connected by telegraph and by telephone.

#### HISTORICAL FACTORS

India's fundamental unity of culture, outlook and traditions transcends the many apparent differences of race, language, religion and caste, and distances separating the different parts of the country. This cultural unity is ancient, but political history may be seen as a constant struggle between unifying and disintegrating factors until the establishment of British rule in the nineteenth century. The British created a centralized and efficient modern administrative machine and a political system for the whole country. Centralization persisted after independence. The problem of decentralization can only be considered in the context of the paramount need for maintaining the unity of the country.

The management of the common affairs of the village by village folk is a universal tradition. Though weakened considerably by bureaucratic centralization and the growing interdependence of villages under modern economic conditions, this tradition may yet serve as the basis for a limited decentralized democracy.

Local government in India has a long history and alternates between spells of progress followed by long periods of stagnation. The first attempt to set uplocal government was the grant of a municipal charter in 1687 to Madras setting up an elected council—mayor, aldermen, common councillors—empowered to levy a rate and with administrative and judicial functions. This was not a success and the charter was soon revised. Calcutta and Bombay municipal corporations were set up in 1726. Only after 1840 were Municipal Committees established in other urban areas. Since then the development of municipal government has been continuous, and in 1919, local government was democratized, nominee councils replaced by elected councils and official chairmen by elected non-official chairmen. Today most urban areas have elected councils based on adult suffrage, and democratic municipal institutions are well established.

The progress of rural local government has been very slow. The first rural local institutions introduced in 1869 were small, quasi-official committees. In 1882 a definite policy of establishing a general network of rural local authorities as an instrument of political education was enunciated and district boards and taluk and circle boards were established throughout the country. Inadequate financial resources and opposition from provincial governments obstructed progress in local responsibility. A new era began when rural local government came under the control of elected Indian Ministers in 1919 following a resuscitation of village panchayats. District and taluk or tehsil boards, with elected presidents and majorities, were set up and endowed with wider functions and increased powers of taxation in all the provinces

of India. Panchayats were given a statutory basis and were established in larger numbers in some of the provinces.

Progress again became extremely slow after the twenties. Machinery of guidance and control proved inadequate and there was no significant growth of a civic sense. Local government suffered as much from the apathy of the general public as from the attitudes of centralizing bureaucracy. A century of development had resulted in wide spread network of rural boards and a few thousand village panchayats but local bodies which had been set up could hardly be described as functioning effectively on the eve of independence.

The present structure of rural local government has been fashioned anew to meet the needs of economic development and it may be said to be a by-product of the community development movement launched in 1952. It is the result of an effort to translate into institutional terms the nationalist political ideas of village autonomy and democracy.

#### THE BROAD PATTERN OF CENTRAL AND STATE GOVERNMENTS

The present constitution of India provides for a democratic, federal and parliamentary system of responsible government. The legislative powers of the Union and States are enumerated in detail in the Union, State and Concurrent legislative lists which form the seventh schedule of the constitution. But flexibility has been introduced in the distribution of legislative authority by provisions enabling the Union Government to act in the State sphere in emergencies and in case of need.

The head of the Union is a President elected by the Union and State legislatures for a term of five years. He is a constitutional ruler and acts on the advice of the council of ministers headed by the Prime Minister. The council of ministers is collectively responsible to the lower house of parliament (Lok Sabha) which is directly elected by territorial constituencies on the basis of adult suffrage. Its term is five years but it may be dissolved earlier. The upper house (Rajya Sabha) has about half the membership of the lower house and is indirectly elected by State legislatures. A few members are also nominated by the President for distinguished service in arts, letters or administration. One third of its membership is renewed every two years. Its position is distinctly subordinated to that of the lower house.

The pattern of State Government is identical. A Governor appointed by the President for a term of five years is the constitutional head and a council of ministers with a Chief Minister advises the Governor in the discharge of his functions. It is collectively responsible to the lower house of the State legislature. The legislature is bicameral in nine states and unicameral in the others. Lower houses are directly elected by adult suffrage from territorial constituencies. Its term is five years, but it may be dissolved earlier. Second chambers are chosen by indirect election inpart by electoral colleges representative of local authorities and in part by the Lower House. A few seats are filled by nomination.

Governments both at the Centre and in the States follow British conventions of cabinet government. Parliamentary procedure is similarly modelled on the procedure of the British parliament.

The constitution sets up an integrated judiciary with a Supreme Court at the apex and a High Court in each of the States with a hierarchy of lower courts. The independence of the judiciary is both the guardian of the constitution and of the fundamental rights of the citizen guaranteed by it.

#### THE PATTERN OF URBAN GOVERNMENT

There are within the country 22 municipal corporations in metropolitan areas and the the larger cities; about 2,100 municipal boroughs and councils in the lesser towns; about 350 notified areas, town areas and town panchayats; 83 cantonment boards and 50-60 improvement trusts, development authorities, housing boards and other miscellaneous local authorities.

Municipal corporations are distinguished from other municipal bodies by the larger range of their powers and resources. The governing authorities of a corporation are an elected council, standing committees for special functions and a municipal commissioner appointed by the State Government and vested by statute with a clearly defined field of executive authority. A municipal corporation has an elected mayor and a deputy mayor to preside over the meetings of the council. Functions are divided into obligatory and discretionary ones. The latter include power to undertake any measure likely to promote public safety, health, conveniences, or instruction. The resources of the corporation are drawn from taxes on property, animals and vehicles, professions and callings, license fees, service charges, the octroi, theatres, income from remunerative enterprises and from grants-in-aid from the State Government.

Municipal government is fairly uniform throughout the country. The governing authorities of a municipal borough or municipality are the council and a chairman. The council is elected by wards of the towns and the chairman is elected by the council. There is a municipal commissioner or secretary who is the principal executive officer. He is usually drawn from a State-wide cadre of executive officers and may be transferred from one municipality to another. Municipal functions are classified as obligatory and optional. A municipal council functions through a number of standing committees. The main sources of revenue are taxes on property, taxes on professions, entertainments, the octroi, taxes on carts, vehicles and animals, service charges, license fees, income from property, and remunerative enterprises, and grants from the State Government.

The State Government exercises supervision and central over municipal bodies. It calls for periodic reports; its officers inspect the municipal officers and works. It has power to suspend or supersede municipal authorities and to act when they fail to carry out their statutory duties. Municipal accounts are audited by State auditors who have powers to surcharge illegal and unwarranted expenditure.

Other municipal bodies consist of nominated members or are merely official agencies.

#### THE PATTERN OF RURAL GOVERNMENT

Panchayati raj is the name of the present system of rural local self-governing institutions mostly established since 1959. In objectives as well as scope and content panchayati raj is different from any local government attempted in the past and is an administrative revolution with immense potentialities. It comprises a three tier system with the village panchayat at the base, the panchayat samiti at the intermediate (bloc) level, and the zilla parishad at the district level. These bodies are inter-connected through their membership and serve both as units of self-government and of planning and development.

The panchayati raj structure is as follows:

(a) Village panchayats form the base of the structure and have memberships of 5-31, the average being 15 members elected in wards or at large by the adult residents of the village.

Seats are reserved for women and the scheduled castes. The president and vice-president are usually elected by the panchayat members themselves but in some States they are elected directly by the village residents. The terms of the panchayats vary between 3 to 5 years. Almost the entire rural area of the country is covered by 203,049 panchayats.

(b) The panchayat samiti is the next higher authority. Its jurisdiction is coterminous with that of the community development bloc. About one half of the intended number of panchayat samitis have been set up, these are in the ten States which have already adopted and implemented legislation establishing panchayati raj institutions.

The panchayat samiti is indirectly chosen in all the States except Assam and Mysore where they are directly elected. With some variations in few States, the membership of the panchayat samiti includes all presidents (sapanches) of panchayats within its area, members of the Union and States legislatures (without voting rights) within its area and a few co-opted members representing women, scheduled castes and tribes and co-operative bank.

(c) The highest tier is the zila parishad. It is coterminous in most cases with the old revenue districts of which there are about 300. The members includes the presidents of the samitis, members of the State Legislative Assemblies, members of the Lok Sabha (parliament), together with a few co-opted women, and representatives of scheduled castes and tribes, banks, and persons interested in rural development.

The new rural authorities are intended to be units of local government for the provision of services as well as instruments for economic and social development. The assignment of powers and functions to the different tiers has been made with this in view. Functions are classified as obligatory and optional in all cases and include developmental work.

The work of village panchayats includes besides the provision of safe drinking water, drains, streets, lights, sanitation, etc., welfare and cultural services such as the maintenance of maternity and child welfare centres, reading rooms, and libraries. They also participate in planning village production programmes in agriculture and the execution of village developmental works.

Panchayat samiti's functions are primarily developmental, but include the normal functions of local government, such as education, health, rural sanitation, roads, and minor irrigation. It plans and executes developmental activities in the fields of agricultural production, animal husbandry, fisheries, etc. Except in Madras, it supervises the panchayats within its area, and the latter's budgets need its approval.

The role of the zila parishads varies considerably among the States. In Rajasthan, Madras, and Punjab it is an advisory and co-ordinating body. In other States it is given some executive functions in regard to secondary education, roads and health and the allocation of grants.

The scheme of panchayati raj in Maharashtra is distinctive in several ways, and aims at a far greater degree of decentralization than in other States. The zila parishad which is directly elected by adult voters in the district, is the principal body in which authority is devolved, and the whole range of local administration in the fields of welfare and development at the district level is brought under popular control. District field officials of central technical departments are subordinated to the zila parishad and services transferred include agriculture, education, health, co-operatives and public works together with the necessary finances. The panchayat samiti is not a corporate body and its main function is the execution

of the plans and programmes of the zila parishad for the development of the area within its jurisdiction and for which it can make proposals. The samiti's role is relatively unimportant in the scheme of decentralization.

The finances of rural local authorities are derived from taxes, licenses and fees, voluntary contributions and grants from the State Government. A variety of taxes may be levied by these authorities. These include taxes on property, houses, professions, transfers of property, vehicles, animals, agricultural land, octroi, land cess, and many others, also license fees for carts, bus stands, stalls, theatres, etc. Some of these must be levied, while others are optional. The State Government transfers to them some revenue receipts collected by the State, and makes both block and specific grants. Nearly 70 per cent of the revenue of rural local authorities is derived from grants made by the State Government.

# UNION MINISTRIES AND STATE DEPARTMENTS PROVIDING ASSISTANCE TO LOCAL GOVERNMENT

Though local government is primarily the responsibility of State Governments, the Union Government through its agencies take the most active interest in its development. The recent advances in the sphere are largely due to their initiative and drive.

In each State there is a separate department of local self-government; and in some States more than one department has a responsibility for the development of local self-governing institutions. These departments have overall control of local authorities, provide necessary guidance and financial support for their programmes, co-ordinate the activities of the different functional ministries in their relations to local authorities, provide for inspection, control and audit and are generally responsible for the efficient functioning of local government institutions.

# THE FIELD ORGANIZATION OF CENTRAL DEPARTMENTS AND ITS RELATION TO LOCAL GOVERNMENT

The areas for the field administration of technical services, like agriculture, health, education, public works, correspond in large measure to the administrative districts of States. At this level most of the work of the field officers of the technical services is co-ordinated by the District Collector.

The introduction of panchayati raj has necessitated changes in the relationship between the field personnel of the technical services and the new local authorities. At the district and the samiti level the senior field staff of technical departments have become advisers to the local authorities and attend meetings of the zila parishad and panchayat samiti. The technical staff for extension work in the bloc level has been placed under the chief executive officer (BDO) of the samiti administratively and carries out the plans and programmes of the new local authority.

#### PRESENT LOCAL GOVERNMENT SERVICES

Most developmental services, e.g., education, hospitals, public works, irrigation, animal husbandry, etc., are divided between the field units of the State Government and the new local authorities. The control of local authorities is greater, however, where civil amenities are concerned. Devolution of powers has not so far endowed local authorities with complete control of any service. The dual system of local administration, one under the field agencies of the State Government and the other under the new local authorities, which has been a distinctive feature of the local self-government in India since its inception, remains.

#### CENTRAL SERVICES IN SUPPORT OF LOCAL AUTHORITIES

In all States there are one or two departments primarily concerned with the development of rural and urban local government. Most of the technical departments of the State Government, particularly the departments of agriculture, education, public health and finance have close functional relationships with local authorities. The activities of the State Government in their relationships with local authorities may be broadly analysed as: general administration; technical assistance, assistance in the field of personnel and training; financial help, and the correction of errors, excesses or negligence.

#### (a) Administration

Administration includes a variety of services: from prescribing standard forms for accounting, budgetary forms, model by-laws, procedures for meetings, tenders, etc., to advising local authorities on day-to-day problems, and the issue of circulars from time to time on problems requiring guidance and directives. Though State Governments O&M units have not directly assisted local authorities, a considerable element of O&M work is to found in the administrative guidance provided by State local self government departments.

#### (b) Technical Assistance

Extensive technical assistance is rendered to local authorities by functional departments. In the fields of public health, agriculture, animal husbandry, public works, town planning, local authorities are advised and assisted by the hi her qualified technical staffs of the State Governments both in the field and from Headquarters. A noteworthy feature of the scheme of Panchayati Raj is that the senior field officers of State technical departments have been directed to attend meetings of the Zila Parishads and Panchayat Samitis. The continuous consultation between these field staff and local authorities in the planning of programmes of works and in their implementation, is extremely important.

#### (c) Assistance in Personnel Recruitment and Management

(1) State assistance in regard to the recruitment and training of the staffs of local authorities or in introducing modern methods of personnel administration has not been developed to the extent necessary to secure local authorities the most competent professional services or in a manner that assures the control of local authorities over their own staffs. The administrative, the executive and technical staff of both municipal and rural local authorities are members of the State services and are on loan to local authorities. Local authorities themselves appoint only the lower categories of their employees.

For recruitment to the subordinate panchayat raj services a State panchayati raj service commission at the State level and district services commissions have been set up in one of the States (Rajasthan). Elsewhere appointments committees set up by local authorities recruit the personnel (Andhra).

Among the urban authorities the city of Calcutta alone has a municipal service commission for recruiting its staff. Others recruit their staffs through selection committees or appointments committees. Some authorities use the public service commission to recruit its staff. In the Uttar Pradesh, municipalities consult the State public service commission in making higher appointments.

- (ii) There has been little assistance in the training of municipal employees by the State Governments. The question is under the consideration by the Union and State Governments.
  - (iii) Assistance rendered by the Central and State Governments in the training of the

staffs and non-official members of rural local authorities including members of the legislatives under panchayati raj has been significant. A country-wide network of training centres has been established. The apex of these institutions is the National Institute for Study and Research in Community Development and Panchayat Raj, a large and imaginative training project resulting from the initiative of the Ministry of Community Development, Cooperation and Panchayati Raj, and largely financed by the Union Government.

There are also a number of other institutions conducting research into the problems of local government.

#### (d) Financial Assistance

Local authorities have not yet developed a solid fiscal base for their autonomy. Notice ably absent is the full utilization of their powers of taxation or other sources of revenue. In part this is due to low agricultural productivity, and in part to the unwillingness of elected councillors to risk exploiting such powers and revenue resources. Central financial help to local authorities has been substantial in recent years amounting to as much as 70 per cent of the total expenditure of rural local authorities and 20 per cent to 25 per cent in the case of urban local authorities.

Some State Governments provide assistance in tax administration by providing technical staff to assess land values and property for taxation purposes. State revenue agencies collect local cesses, rates and taxes on behalf of local authorities.

#### LOAN AGENCIES

No separate local loan agencies have been set up. Local authorities with the exception of the corporations of Bombay, Calcutta and Madras do not borrow from the open market and are dependent exclusively on funds from the State Governments. A study team recently examined panchayati raj finances and has recommended the setting up in each State of a panchayati raj finance corporation to make loans to panchayati raj Institutions for public utility undertakings, the construction of shops, markets and hostels, etc., purchase of capital goods; plantation and afforestation; scientific fish culture, and for small scale and medium industries.

#### SUPERVISION AND CONTROL

The powers of supervision and control by the State Government over local authorities, both urban and rural, are wide and include powers to call for reports and returns, to inspect, to suspend presidents and councillors, to supersede and reconstitute councils, and to direct action to be taken or to act directly in default of the local authorities. It should be emphasized, however, that these are reserve powers which are used only in extreme cases of necessity. So comprehensive a system of central assistance and tutelage, nevertheless, poses the danger of jeopardizing local autonomy, and there are cases where such jeopardy has come about.

# UNIONS OF LOCAL AUTHORITIES, VOLUNTARY AGENCIES AND OTHER ORGANISATIONS FOR THE IMPROVEMENT OF LOCAL GOVERNMENT

Several official and unofficial, all India, State and local institutions, have been set up in recent years with the common object of aiding the growth of local government. The most important of the official bodies in the Union is the Central Council of Local Self-Government which was set up in 1954. It is an inter-State organization with the Minister for Health

of the Union Government as its chairman and the ministers for local self-government in all the States as members.

An informal consultative committee of parliament advises the Minister of Community Development in matters relating to rural local government. Periodic conferences between the representatives of the ministry and State departments of panchayati raj are used extensively in the formulation of common policies in relation to panchayati raj.

An all-India conference of municipal corporations has met every year since 1959 and has discussed such problems as town planning, health, water supply and drainage, urban development programmes, rural-urban relationships, finances, assessment and taxation of property, control over air and river pollution, housing, slum clearance, etc.

An all-India council of mayors has been established as a continuing body.

Among non-official agencies the most important is the All-India panchayat parishad. It is a non-political and non-party association of panchayati raj institutions and of federations of such institutions with similar aims and objectives, and provides a forum for the exchange of experience and ideas. Its activities include research, training and clearing house functions.

Similar institutions have also been established in some of the States as well as informal consultative committees of selected members of the State Legislatures and numerous other association have been formed to secure the co-operative efforts of parties interested in progress of local government.

Professional or staff associations of local government employees have not yet been organized on a significant scale in India. In Madras and Andhra associations of local government employees of the clerical and manual grades were set up recently. They have not yet been recognised by the Government. The aim of these associations is primarily to protect and advance their service interests and they are only incidentally concerned with the betterment of local government.

#### MAJOR PROBLEMS

This paper concludes with a statement of the main problems to be faced in any effort to create a healthy and viable system of local self-governing institutions in India and some suggestions as to the ways and means of meeting them. The main problems relate to: (a) personnel, (b) finance, (c) administrative guidance, (d) technical assistance, and (e) development of civic consciousness and responsibility.

Possibly the most important problem is that of leadership. No democracy can function without competent, honest and dedicated leadership; an infinitely more attractive village life with economic opportunities and amenities of living are pre-conditions for the emergence of such leadership. This problem has to be solved against the social background of Indian villages which are still heterogeneous, caste-dominated and largely illiterate; and in the economic background of low agricultural productivity and incomes at bare subsistence level. Migration to urban areas has to be arrested. An immediate practical step would be programmes of education in civic affairs and in local administration for elected councillors and chairmen of local authorities.

Recruitment and conditions of service of local government officers should be equated to those of the State services. Professional pride and esprit de corps should be fostered

among local government staff, and professional and staff associations should be a help in this endeavour. The training of local government staff should constitute a comprehensive project.

If local authorities are to become effective, steps must be taken to make it worthwhile for competent technicians and professional men to live and work with the authorities. Otherwise, dependence upon central services will remain indefinitely.

Local authorities must be established on solid financial bases of their own if they are to develop adequately and retain autonomy. Local authorities require much training and experience in exploiting effectively the resources open to them from local taxation, and in the management of financial affairs generally.

Local authorities need much administrative guidance and counsel in the initial stages. As an example, mention may be made of the directorate of supervision and guidance set up in the Punjab and staffed by specially trained personnel. Through this agency local authorities are visited regularly and provided with field guidance on their day-to-day problems and procedures. It is most important, however, to recognize that the dominat purpose is guidance and counsel so that local authorities may gain sufficient administrative competence and may truly become independent self-governing bodies within their respective fields of responsibilities.

Development activities of local authorities produce the need for technical assistance in planning and implementation of plans. The services of professional personnel such as architects, surveyors, industrial advisers, agriculturalists generally, public health personnel and many others, should be made available to local authorities in adequate measure for advice and assistance.

The sense of a community of interests in the areas of local authorities especially those newly created, has to be considerably strengthened. The areas may have to be redrawn in the light of local needs, psychological as well as economic.

And finally, the problem of civic education has to be solved.

## Planning Machinery

[Following the Government decision to initiate block level planning in the country with a view to achieve full employment during the next ten years, the Planning Commission appointed a Working Group in November, 1977 to prepare the guidelines for this purpose. The Working Group consisted of: Prof. M.L. Dantwala—Chairman; Dr. A.N. Bose; Prof. Ranjit Gupta; Dr. Prodipto Roy; Shri R.N. Azad; and Shri P.H. Vaishnav.

Subsequently the following members were co-opted into the Working Group: Shri V. Venkatesan; Prof. V.M. Dandekar; and Shri Ghulam Ghouse.

The Working Group submitted its report in August, 1978 and in chapter III, 'Planning Machinery' the Group discussed the problems of decentralised planning. This chapter is reproduced below.]

It may be safely asserted that in the absence of considerable strengthening of the planning machinery and the planning process at the grassroot level, the government's commitment to a new agriculture-oriented and employment-intensive strategy of development and the substantial allocation of plan expenditure for this purpose would be infructuous. In this chapter we discuss this question at some length.

The first question which needs to be considered is: whose responsibility should it be to prepare the block plan? There are four distinct agencies we can think of: (1) district secretariat, the collector and the departmental officers, (2) the elected representatives of the people and their institutions like the zila parishad, (3) voluntary agencies, and (4) professional institutes with specialised competence in planning techniques. In substance, it is a problem of the respective weights of political, technical and administrative components in the planning process.

#### GOVERNMENT PLANNING MACHINERY

We shall first discuss the status of the governmental planning machinery at the block level and the role it can play in block-level planning. We have already clarified that when we speak of a block, it is not intended to set a boundary limit to the planning unit. It should be noted that the block is really at the bottom of the base of a planning machinery which extends through the district, the State and to the Centre, each interacting upon the other for decision-making functions. Our analysis, therefore, should take note of the entire structure of planning and development administration below national and State levels so as to understand the division of functions and the availability of capabilities at the various levels. Our first concern in this analysis, naturally, will be with the district level, because it is with this level that the block has the greatest intensity of interaction.

The district level today has a complex administrative organisation with the collector at the top with the responsibility of coordinating different departmental and other components of district administration.

The structural pattern of district administration may somewhat differ in detail from one State to another. Generally speaking, there are a number of departments located in the district, each with its own vertical hierarchy and separate existence of its parent office at the State level. The important departments are agriculture, minor, medium and major irrigation, animal husbandry, dairying, forestry, industries, public works, cooperation, education, medical and public health, social welfare and panchayati raj, etc. Besides, there are autonomous agencies with offices in the districts like the electricity board, state transport and other special agencies set up for particular programmes like SFDA, DPAP & CADA, all operating in specified area jurisdictions within the district. The district collector performs the role of a coordinator. Even this role is largely undefined and informal and is limited to issues pertaining to implementation. Where the panchayati raj bodies have been assigned the functions of implementation, coordination of the corresponding departmental functionaries is done by the chief executive officer of the panchayati raj institution.

During the Fourth Plan, the Planning Commission had suggested a model for the setting up of different functional units in the State planning departments and one of the functional units recommended was a regional/district planning unit. The Planning Commission also launched in 1972-73, a Central scheme under which Central assistance was provided to the State Governments to meet two-third cost of setting up these functional units equipped with qualified and competent technical staff. The scheme was confined to strengthening of the planning machinery at the State level.

Thus, some measures have been adopted during the Fourth and the Fifth Plan to strengthen the planning machinery at the State level. At the district level, however, the position relating to planning machinery is quite different. In a majority of States, no attempt seems to have been made to improve the personnel resources at this level. Even in the case of States which have set up something like 'district planning machinery', the composition of the staff reflects that there has been no serious attempt to induct technical skills in planning. The staff who have been appointed in these units perform only routine secretariat functions assisting the district development council under the collector but do not provide much technical support in the tasks of plan formulation, monitoring, review and evaluation. Thus in many States, the district planning cell consists of a district planning officer assisted by statistical and research assistants and clerical staff who mainly look after the implementation of the district plan somewhat in a routine manner.

The inadequacies of the existing set-up are realised by all the State Governments and many of them already have proposals for augmenting the planning staff at the district level. Owing to financial constraints, however, the augmentation to the requisite extent has not materialised so far. Apart from the required number of personnel necessary to support the planning activity, the quality of the personnel engaged is also not such as could be relied upon to promote planning on scientific lines. Thus even in a State like Maharashtra, which has a district planning set-up, consisting of one deputy chief executive officer (planning), two research assistants, one planning assistant and one junior assistant, the component of the technical expertise is deficient. This has been keenly felt by the State Government which has made proposals for strengthening the set-up both at the district and divisional levels in order to increase the technical competence of the planning team.

Having taken stock of the situation at the district level, we may now examine the capabilities available for planning at the block level. The present staffing in the blocks is mainly tuned to implementation tasks and not so much towards planning functions. The set-up basically consists of a block development officer who is assisted by five extension

officers, each in the fields of agriculture, animal husbandry, co-operation, panchayats and rural industries. The other staff consists of an overseer, a social education organiser, a progress assistant and VLWs. In the block, there are also veterinary stockmen, a medical officer, a sanitary inspector and a lady health visitor, some of them with the necessary supporting staff. In some States there is also an extension officer for programmes relating to women and children. Thus it may be seen that the staffing pattern at the block level is essentially meant for getting the development programmes implemented in the field. There is a progress assistant who keeps record of the plan programmes and their progress and assists the BDO in sending regular progress reports. Beyond this, there is no other person assisting the BDO in the planning functions.

The above account of the existing pattern of staffing available for planning purposes at the district and block levels shows that both quantitatively and qualitatively, it leaves much to be desired. While at the district level, there is some staff for planning (at least in a few States), at the block level, even this modicum of staff is absent.

In the context of the policy of decentralised planning, the following functions emerge as pertinent at the block and district levels:

- (i) Resource inventory and data collection including analysis of the prevailing levels
  of development, potential for further development and identification of constraints
  in development (This is elaborated in chapter IV)\*;
- (ii) Identification of priorities and selection of a catalytic programme;
- (iii) Formulation of programmes/projects/schemes for development and the establishment of their spatial and temporal linkages within an integrated framework;
- (iv) Devising a plan for fuller utilisation of manpower resource; in other words a plan for augmenting employment;
- (v) Assessment of availability of financial resources from various sources—district budget, banking system, private sector and mobilising the same; and
- (vi) Monitoring and concurrent evaluation or parallel audit of development plans and their modification from time to time in the light of experience.

It would be apparent from the listing of the above functions that the present planning machinery available at the district and block levels is not suitably equipped to perform all these technical planning functions. It is deficient both in expertise and staff strength. The question then is how to suitably augment the strength of the planning personnel at the different levels?

Taking note of the kind of decentralised planning that we are aiming at, it would be ideal, if we can build up the necessary planning capabilities both at the district and block levels. However, given the existing shortages of technical planning personnel and the cost of providing these, it would not be practical to think of setting up technical teams for preparation of resource inventories, data analysis, programme/project formulation and appraisal or inter-sectoral and spatial integration at the block level. The Working Group has considered this question carefully and is of the view that at the present stage of development, it would be better to pool together the available planning skills at the district level instead of scattering this scarce resource in several blocks. If the district planning cell could be strengthened suitably, it would be capable of taking care of block level planning also. In the opinion of the Working Group, this will have many advantages. Apart from ensuring the

<sup>\*</sup> Not given here—Ed.

optimum deployment of the personnel resources available for area planning, it would also enable the planning team to take a broader perspective of resources potential and constraints, and ensure better coordination and integration of the block plans with the district plan. In this way, the block plan will be harmonised with the district plan. It may be noted in this context that we are visualising the planning team located in the district, essentially as a peripatetic team, which will move down to the selected blocks and prepare the block level plans in association with the BDO, the *panchayat samiti*, voluntary agencies and other concerned persons at the block level. In course of time, as the programme is extended to other blocks the same team will prepare plans for the other blocks also and will fit them into the district plan.

In this context, the Working Group also considered an alternative suggestion that the block level plan should be prepared by a block level planning team consisting of the BDO, and his staff who should be advised by members of the elected block samiti and the organisations of the rural poor and other disadvantaged groups. The experience of the Comprehensive Area Development Programme of West Bengal was noted in this context. The Working Group is of the view that while the technical task of planning itself should be performed by the technical team constituted at the district level, some part of the planning function could be assigned to the block level. For instance, the responsibility of collecting certain types of data and assessing public opinion on various alternative solutions could be entrusted to a group as mentioned above centred around the BDO as well as the representatives of people and particularly of the rural poor.

The next question that arises is as to what should be the composition of the planning team that we envisage for the purpose? Here a number of pertinent considerations and some larger issues arise. In the first place, area planning implies bringing about both vertical and horizontal coordination of the programmes formulated at different levels. Achieving much integration at the district or block level would involve important structural changes in the State and district administrations and radical attitudinal change among the different functionaries of the departments at these levels. Such a change will come about only slowly and in the long run. Besides, recommending structural changes in the whole gamut of administration is beyond our purview. As such we have tried to limit our recommendations to the problems encountered within the framework of the given structure, as of today. In the context, we have recommended only some 'correctives', which we hope would gradually improve matters and would ultimately pave the way for more important structural changes.

The Working Group considered the view that the departmental specialists already available in the districts were preoccupied with implementation tasks and routine administration and had hardly the time to spare for the planning function. The Working Group also noted the recommendation of the National Commission on Agriculture for creating posts like the Chief Agricultural Development Officer, Chief Industry Development Officer and Employment Officer.<sup>1</sup>

<sup>&</sup>lt;sup>1</sup>This Commission has recommended that at the district level, there should be a Chief Agricultural Development Officer (CADO) who should be made responsible for coordination between the various departments in the agriculture and allied sectors and with the other concerned departments like irrigation, PWD, electricity board and other autonomous bodies. Under the proposed arrangement, the district officers belonging to the departments mentioned above would become members of the District Agricultural Coordination Council (DACC) under the leadership of the Chief Agricultural Development Officer. Thus it may be seen that the National Commission on Agriculture has sought to streamline the line functions in the district so far as the agriculture and allied sectors are concerned and to create a single point of reference for agricultural planning.

#### RECOMMENDATIONS OF THE WORKING GROUP

Having considered the different aspects of an organisational set-up for district and block level planning, coordination and evaluation, the nature of skills that will be required for this purpose and the disciplines which should be represented in the planning team, the Working Group concludes that the following are the major areas that would need strengthening in the current machinery for planning available at the district level: resource inventory and analysis, project formulation and appraisal, manpower planning and budgeting, monitoring and evaluation and credit planning. Besides, it would be necessary to have specialists in fields like agronomy, industry and engineering. Accordingly, the Working Group recommends that under a Chief Planning Officer, there should be a professionally qualified team at the district level to undertake the tasks of planning, coordination and evaluation. This team must have adequate capabilities in the areas identified above to prepare a comprehensive area plan.

The Chief Planning Officer himself should be a person who can coordinate and guide the entire planning team under him and also coordinate the work of the planning team with that of the departmental officers. He can be from any discipline. He should be the principal aid to the District Collector and the next to him on the planning side. His status in the district hierarchy must enable him to play his role effectively.

Thus we recommend that a minimum core-staff for the proposed planning cell would consist of (besides the Chief Planning Officer) the following six technical officers:

- (1) Economist/Statistician (Project Formulation and Evaluation)
- (2) Cartographer/Geographer
- (3) Agronomist
- (4) Engineer (Irrigation/Civil)
- (5) Industry Officer (Small and Cottage industries)
- (6) Credit Planning Officer

In addition to the above core-staff, specialists may have to be engaged according to the needs of the area or the programme. For example, in a district where dairy farming is important a dairy technologist may be needed. Similarly, in a tribal area, the planning team may include a sociologist/anthropologist. In a mining area, the inclusion in the team of a geologist may be justified. Therefore, it may be necessary to make adjustments in the composition of the planning team to suit the requirements of the particular situation and the need of the area to be covered.

The Group considered the question as to whether a separate credit planning officer was required at the district level. It was noted that the task of mobilising institutional credit had become almost a specialised job requiring the assistance of a special officer for the purpose. The Working Group, therefore, decided that there should be a credit planning officer who should be a person with requisite technical training to mobilise institutional credit through the formulation and appraisal of bankable projects/programmes.

#### PANCHAYATI RAJ INSTITUTIONS

The next issue to be considered is the role of the panchayati raj institutions in the planning exercise. It must be conceded that our commitment to democratic decentralisation implies progressive devolution of decision-making on all vital matters affecting people's life to their elected representatives under the panchayati raj system. If the main responsibility

of development planning at the district or block level is left to the bureaucratic hierarchy under the control of the ministry at the State level, democratic decentralisation will remain an empty slogan. Besides, there is no doubt that active involvement of the panchayati raj institutions in the planning process will provide a better climate for people's participation in the implementation of the plan, a condition crucial to its success.

While we fully endorse the above proposition, we would like to point out two limitations to the realisation of this ideal. First, except in a few States there is hardly any worthwhile set-up of panchayati raj institutions. As a matter of fact, in several States where these institutions were initially established, they have either withered away or are lying in a moribund state. The government has taken cognisance of this state of affairs and has appointed a high level committee under the chairmanship of Shri Asoka Mehta to review the working of the panchayati raj institutions and in particular, among other things, to suggest their role in the task of integrated rural development. Of special interest to this Working Group is the Mehta committee's term of reference which requires it "to recommend the form and content of the relationship that should exist between the panchayati raj institutions, the official administrative machinery, and the cooperative and voluntary institutions involved in rural development." We think, in view of this, it may not be improper for our Group to take a somewhat tentative position on this issue. Our second reservation about the role of the panchayati raj institutions in the formulation of micro level plans arises from a widely shared view that the weaker sections of the rural community do not feel that their interests will be fully protected under the panchayati raj institutions. A stronger version of this feeling is that the leadership of the panchayati raj institutions acts as a 'gate-keeper' and prevents the flow of benefits to the weaker sections of the rural community. This is hardly surprising in the given context of the inegalitarian structure of the rural economy. Unless and until adequate safeguards are provided against the likelihood of the dominance of the panchayati raj institutions by the vested interests, giving them a decisive voice in the preparation of micro level or grassroot plans, one of its major objectives, namely, removal of poverty, exploitation and unemployment will not have much chance of being realised. We hope the Asoka Mehta Committee will examine this issue.

All said and done, there is no getting away from the reality that the political authority has to have a decisive voice on all major issues pertaining to planning. After all, in a democracy, the elected representatives of the people at the national and state levels take the major decisions on public policy, the form and content of planning, sectoral allocations and their priorities and the mode of resource mobilisation. The civil servants and technical experts, whether in the National Planning Commission and State Planning Boards or professional institutes, can, at best, spell out the implications of various policy options and work out internal consistencies. The decision in regard to devolution of authority itself is political. It is the political leadership which takes the credit or blame for the success or failure of the plan. A Working Group like ours can, at best, indicate the pros and cons of various alternatives and leave the final decision to the political leadership.

A factual note on the relationship of the Collector with the Panchayati Raj system, as it obtains in different states, prepared by one of our colleagues, is appended to this Report (Appendix III\*). The note sets out a broad approach to the problems of integrating development with administration at the area level. Taking a clue from the Delhi Metropolitan Council the note advocates a form of local government, "which would satisfy the democratic aspirations of the elected representatives and give them an executive role and at the same time gives an important place to the administrator." We commend it for the consideration of the government.

<sup>\*</sup> Not given here. -Ed.

#### VOLUNTARY AGENCIES

We may now discuss the question of the role of: (a) voluntary agencies, and (b) professional institutes in the preparation of the block level plans. We shall first deal with voluntary agencies. The rationale of entrusting the task of preparing block level plans to voluntary agencies is that they have a dedicated band of workers well acquainted with the felt needs and aspirations of the people in their area of operation and as such would be in a better position to get people's cooperation in the implementation of development programmes. While we fully endorse this view, we feel that the issue needs to be examined more thoughtfully. We have already referred to the point that planning at all levels involves a good deal of technical expertise. Not all voluntary agencies possess this in the requisite measure, though, of late, some of the better known voluntary agencies have either acquired such competence or hire it as and when required. For example, the Bharat Agro Industries Foundation of Urlikanchanhas acquired a high level of technical competance in the field of animal husbandry. In view of this, where such proven ability exists, there is a sound case for entrusting the formulation and/or execution of some distinct sectoral (e.g. animal husbandry or adult education) plans to a voluntary agency. In fact, such a devolution would be a stop in the right direction. Even so, the question of integrating their plans with that of the district/block plan will have to be sorted out—an issue to which we shall revert again.

The case of entrusting the preparation of a complete block plan—as distinct from a sectoral plan to voluntary agency is on a different footing. The main issue in this regard is that a establishing a proper rapport with the State Government concerned and its district level administrative machinery. Entrusting the task of preparation of an area plan to an 'outside' agency, would for all practical purposes imply, to put it frankly, lack of confidence in the ability of the Government machinery, and in the local Panchayati Raj authority like Zila Parishad, where it exists, to prepare such a plan. The implication of this stand should be fully appreciated. The voluntary agencies will have to depend on the district administrative machinery for all their data requirements, acquaintance with the on-going programmes, and a host of practical and technical inputs needed for the preparation of the plan. There is ample evidence which suggests that the Government machinery does not take kindly to this sort of arrangements. Their reaction varies from concealed hostility to passive noncooperation. Even an AVARD note implicitly recognises this fact when it observes but the effectiveness of a voluntary organisation will depend much on the perception of the official agencies about the importance of social engineering function and on the recognition that the voluntary agencies are relatively better placed to perform the function". It is not improbable that the official agency may become lukewarm in implementing a plan prepared by an outside agency. As against this, there are a few examples of happy cooperation. A few voluntary agencies have been able to enlist the cooperation of the official agencies at all levels as well as the people of the area in general. Besides, in the first year or two of block planning, a voluntary agency may be able to play a pioneering role in preparing innovative models in specific sectors or sub-block units of planning and implementation. It may be necessary at the end of two years to collect successful case studies of these models for wider replication in other parts of the country.

Since the competence and public relations skills of the voluntary agency, the reactions of the official agencies and the attitudes and approaches of political leadership at the State

<sup>&</sup>lt;sup>1</sup>Please see (1) Report of the Inter-disciplinary Expert Committee on Maharashtra Village Development Project (Malivada Project), Planning Department, Government of Maharashtra, (2) Ranjit Gupta: Action Research on Rural Development: Experience of RIP Group: Paper presented to the second seminar on Management Research held at Indian Institute of Management on January 19-30, 1978, pp. 14-27.

level are likely to vary a great deal, it would not be proper to lay down, so to say, an invoilable principle on the question of entrusting the preparation of a block plan to a voluntary agency. Our general view is that the preparation of a development plan at any level must remain the primary responsibility of the government. However, a State Government, if it so wishes, may invite a voluntary agency whose bonafides and competence are well established to prepare a certain number (2 to 3 in total) of block plans in its State, preferably in collaboration with the planning team.

It need not be deduced from what is stated above that the task of social and economic development must remain a preserve of the State machinery, political as well as administrative. As already mentioned, the voluntary agencies have much to contribute both in the sphere of planning and implementation and full benefit of their experience and special merits should be availed of.

The district level planning team collectively and subject matter specialists individually should consult at every stage of planning exercise the voluntary agency (agencies) in their area to ascertain the felt needs and aspirations of the people, seek their reaction to the past performance and suggestions for including projects in the plan under preparation and stops needed for their proper implementation. If the voluntary agency desires to prepare a plan for any sector, particularly health and education, every assistance may be given to them. Their involvement in the implementation can be even more extensive. But whatever plan they may offer will have to be a part (and not an independent venture) of the district plan of the State Government. In parenthesis it may be mentioned that all activities of the voluntary agencies need not necessarily have to be carried out under the aegis of the State Government or the district authority. They should be free to function on their own and should even be assisted and encouraged to do so. If their activities could be dovetailed with the district plan, so much the better. All that is suggested is that the voluntary agencies should remain voluntary and should avoid getting mixed up with the establishment. They should advise, assist and even volunteer to undertake implementation in specific programmes within or outside state or district plan.

#### PROFESSIONAL INSTITUTES

The case for entrusting block level planning to professional institutes is on a different footing, though the type of problems they may face vis-a-vis the official machinery are more or less the same. As we have stated earlier, planning at all levels involves a lot of technical expertise, which is quite distinct from the expertise which the subject matter specialist would possess in his own discipline. In fact, many of our large and medium projects have yielded less than optimum results precisely because of the highly compartmental (departmental) approach sanctified by bureaucratic modes and manuals. The concept of inter-sectoral linkages and balance is even today notadequately appreciated by the subject matter special ist. The composition of the planning team at the district level has been suggested by us keeping in view this deficiency. However, the setting up of such teams at all the selected centres would be a time consuming process. The requisite competence may not also be available on tap, and it would be necessary to launch an intensive training programme. In the meanwhile, if we do not wish to lose precious time, it would be quite proper to invite some of the professional institutes to assist the State Governments in the preparation of block plans. There are quite a few such institutes with proven ability to prepare area development plans. The Planning Commission may compile a list of such institutes with relevant details and make it available to the State Governments. The professional institutes on their part would be well advised to work in close cooperation with the officers of the State Government and scrupulously avoid generating a feeling of inferiority amongst them. With all their shortcomings, the district officials know the ground, the operational problems, why and how

work gets done or hindered. Formulation of a plan and its implementation cannot be dichotomised and those who have to implement a plan should be closely associated with its formulation, and *vice versa*.

There is another reason for involving professional institutes in the preparation of block plans. In a separate chapter on training,\* we have suggested that a few selected institutes may be entrusted with the task of training Government officials in the methodologies of preparation of plans and problems associated with it. It is hoped that such training will not be bookish and would be based on the experience derived from practical involvement in plan formulation. Likewise, the teaching material should be gathered from actual field work. Even for this limited purpose of developing training competence, the professional institutes would like to 'soil their hands' as one of our colleagues put it—with real-world situation.

Having thus conceded the case for selective assignments to professional institutes with the necessary caveats, we would like to submit that sooner than later, the official machinery of the Government must develop the technical competence for the preparation of the plans and progressively reduce their dependence on outside agencies.

#### PUBLIC PARTICIPATION IN PLANNING

Having discussed at length the issue of the appropriate roles of voluntary agencies and professional institutes, there is not much left to say about public participation in the planning process. Everyone accepts the wisdom and the necessity of people's participation and involvement in planning particularly at the grass-root level. The necessity and desirability of such participation is not in question. However, the idea and its implementation involve issues which need more attention than they have received. We shall refer to only two issues which strike us as important: First, we should be clear as to who do we have in mind when we talk of the people: their representative political institutions such as the district and taluka panchayats or class organisations where they exist (khedut mandals or trade unions), political or caste leaders or the target groups. It is well known that the public is not a harmonious entity; in reality it comprises groups with conflicting interests. Take as an illustration a plan of minor irrigation. If it is proposed in the interest of improving assets distribution to deploy a larger than proportionate share of the available underground water for the small and marginal farmers, will the 'non-beneficiary' group ungrudgingly acquiese in the decision? Participation by the beneficiary group may result in non-participation—varying from noncooperation to civil or not so civil resistance—by the (richer) non-beneficiary group, It is not difficult to surmise in whose favour the summation would be. Briefly, if we wish to plan for the weak, the plan may have to be imposed from above and cannot be a product from below in which the below is dominated by the rich and the strong.

Second as Anand Sarup says "it seems neessary to reiterate that people can make a contribution to the planning process only if they are presented with a well articulated and feasible framework of approaches, objectives measures and alternatives. If, however, they are asked to indicate their needs in a vacuum, they are bound to put up a charter of demands which will be far beyond the capacities of the Government. The correct stage to consult the people, and their representative organisations is, therefore, after an analysis of relevant information has been undertaken and a broad framework is drawn up and not at the starting point of the planning process." (emphasis in the original).

For corroboration of this observation, we quote from Ranjit Gupta's paper presented at the second Seminar on Management Research held at the Indian Institute of Management, Ahmedabad in January 1978.

<sup>\*</sup> Not given here.-Ed.

About Rs. 13 lakhs were likely to be available as against Rs. 55 lakhs in the (Dharampur) action plan for service centres. This meant that the number of service centres had to be reduced from 44 to about 11 or 12. "This new possibility provoked a heated discussion in the seminar. Local leaders, the most vociferous of whom came from the 'talat' region, and some officials urged that service centres in the 'talat' region be given priority. One of their arguments was that these are likely to be most successful due to the better economic and educational standards of the populace there. They argued that tackling 'easy' areas first would provide initial success which would have important demonstration effect...On the other hand, others, principally voluntary workers, argued that the objective of the plan was to improve the conditions in the poorest parts of the taluka and so remotely located service centres in the 'dungar' regions should be taken up in the five year period."

Another constraint on public participation emanates from the technical imperatives of planning. Take the simple case of location of service centres. Apparently, this is an area where the beneficiaries would have a legitimate contribution to make as to the suitability of the locations. Shri Anand Sarup makes the point forecefully when he says: "It is the people who, as users of facilities, should be taking decisions about the location, nature and quality of infrastructural facilities and social services since they are in the best position to know their requirements and their logistic convenience". But as the experience of the RDP group, IIP, Ahmedabad in their Dharampur project demonstrated, the problem of logistics was ultimately resolved by recourse to the computer. Here it may be appropriate to reproduce an extract which explains the problem with all its complexities.

"Specifically the problem was to find the minimum cost network to connect the 40 service centres to existing main highways. For this purpose a simple modification of the minimum spanning tree algorithm of Krushal was employed (by Nitin Patel). The total cost of the network thus arrived at came to about Rs. 1.9 crores. In contrast the PWD had envisaged a different network costing Rs. 9 crores to connect the 44 service centres to the existing main highways."

The above discussion raises a basic question. What is the proper mix of technical expertise and popular participation in the planning process. An obvious answer is that it has to be a two-way process. The planning team must not only consult the people—which does not mean only their elected representatives—in regard to their felt needs and aspirations, but also regarding the resources and their potential, the constraints, the lessons from the past and on-going plan schemes and policy and even in regard to technical matters such as breed of cattle which do well, land shaping, etc. During these discussions an opportunity should be taken to explain to them the problem of choice (planning) i.e., alternative uses of limited resources and also the policy decision to turn the scale in favour of the weaker sections. To some extent such a dialogue would soften the adverse effect of a plan which is unable to accommodate all their needs and aspirations. Such a dialogue should be a continuous process starting with the preparation of the plan and extending to all stages of its implementation.

#### **IMPLEMENTATION**

The office memorandum on the appointment of this Working Group merely states that the Working Group was being constituted to draw up "detailed guidelines for block level planning." In a subsequent discussion with the Deputy Chairman and Members of the Commission, some specific Issues which would come within the purview of the Group's deliberations were indicated. One of the points on which the Group is expected to make suggestions is the relationship between the agency preparing the plan and the agency implementing it.

We should admit that our Group has not been able to consider this issue partly for lack of time, but more importantly because of the realisation that the issue is too big and complex for the Group to be able to do justice to it. The issue impinges on the whole gamut of district administration, its hierarchical structure, line of command, accountability and rules and procedures. The Group has touched this issue only insofar as it has relevance to the task of formulation of block plans, but not its implementation.

However, we would be failing in our duty if we did not point out that the mechanics of implementation is even more important than the mechanics of plan formulation. However good a plan may be, its impact will depend entirely on how well it is implemented. While there may be some disagreement on whether our plans have been well conceived or not, there is none whatsoever on the numerous imperfections, if not distortions, in their implementation. This is not surprising. While formulation of a good plan demands comprehension and technical competence on the part of a few men at the top, implementation encompasses a vast number of functionaries and agencies in a vast variety of fields and demands qualities on their part which are too numerous even to enumerate—leadership, dedication, aptitude for establishing rapport with the people and so on.

The only positive suggestion we should like to make in this connection is that there are literally scores of studies by Committees, individual scholars and perceptive observers on the implementation performance of practically all of our development projects and programmes. They contain a mine of information on how and where things go wrong. The Planning Commission has within it a section on Plan Evaluation (PEO). The PEO should acquire all these studies, make a systematic analysis of their findings and submit the same to the policy makers in the form of concise summaries with an eye on their operational utility. Not that the policy maker does not know the reasons behind the poor implementation. But constant reminders hopefully, may serve some purpose. And if wide publicity is permitted to the monographs of the PEO, may be public opinion may exert some pressure to mend the mistakes.

## The Asoka Mehta Committee

[The Asoka Mehta Committee on Panchayati Raj Institutions was set up in December last year. The following is the official Resolution giving the Committee's composition and terms of reference.]

The Cabinet Secretariat, Government of India, in their Resolution No. 14/1/2/77-CF dated 12th December, 1977, appointed the committee on panchayati raj institutions. The Resolution reads:

"The Government accords the highest priority to rural development, so as to increase agricultural production, create employment, eradicate poverty and bring about an allround improvement in the rural economy. The Government considers that the maximum degree of decentralisation, both in planning and in implementation, is necessary for the attainment of these objectives. It has accordingly been decided, in consultation with the State Governments and Union Territories, to set up a committee to inquire into the working of the panchayati raj institutions, and to suggest measures to strengthen them, so as to enable a decentralised system of planning and development to be effective.

- 2. The composition of the Committee is:
  - 1. Shri Asoka Mehta-Chairman
- 2. Shri Karpoori Thakur, Chief Minister, Bihar.
- 3. Shri Prakash Singh Badal, Chief Minister, Punjab.
- 4. Shri M.G. Ramachandran, Chief Minister, Tamil Nadu.
- 5. Shri B. Sivaraman, Member, Planning Commission.
- 6. Shri Mangal Deo, M.P.
- 7. Shri Kunwar Mahmood Ali Khan, M.P.
- 8. Shri Annasaheb P. Shinde, M.P.
- 9. Shri E.M.S. Namboodiripad, Trivandrum.
- 10. Shri S.K. Dey, New Delhi.
- 11. Shri Sidharaj Dhadda, Jaipur.
- 12. Prof. Iqbal Narain, University of Rajasthan, Jaipur.
- 13. Shri Vallabhbhai Patel, President, Zila Panchayat, Rajkot.
- 3. The Committee would have the following terms of reference:
- (1) To review the existing situation regarding democratic decentralisation in the States and the Union Territories, and the working of the panchayati raj institutions from the district to the village levels, so as to identify shortcomings and defects. In particular, to examine the working of these institutions in respect of:
  - (a) Mobilisation of resources.
  - (b) Planning and implementation of schemes for rural development in an objective and optimal manner, and in looking after the interests of the weaker sections of society.

- (2) To examine the methods of constituting the panchayati raj institutions, including the system of elections, and to assess their effect on the performance of the panchayati raj system.
- (3) To suggest the role of panchayati raj institutions, and the objectives which could be attained through them, for integrated rural development in the future.
- (4) To suggest measures for reorganising the panchayati raj system, and removing the shortcomings and defects, with a view to enable these institutions to fulfil their future role.
- (5) To recommend the form and content of the relationship that should exist between the panchayati raj institutions, the official administrative machinery, and the cooperative and voluntary institutions involved in rural development.
- (6) To make such other recommendations, including those on financial matters, as may be necessary to ensure adequate availability of funds for the discharge of the responsibilities that may be entrusted to the panchayati raj institutions.
- 4. The committee should complete its inquiry and submit its report within a period of six months and may also submit an interim report, if it deems it necessary, or if so required by Government.
- 5. Secretarial and other assistance to the committee would be provided by the Department of Rural Development in the Ministry of Agriculture and Irrigation."
- 2. In Resolution No. 12/1/2/77-CF, dated 14th December, 1977, Shri S.K. Rau was appointed Member Secretary.

# Administration of Panchayati Raj Institutions

[The Asoka Mehta Committee on Panchayati Raj Institutions submitted its report in August 1978. It dealt with the institutions' structure, composition and elections; functions; administration; financial resources; relationship with other institutions, etc., in the context of the dynamics of development. The chapter in the report on 'Administration' is reproduced below.]

A delectable comparison of administration is made with a woman's dress. It has to drape well with the body politic and has to fit with the contours. Thus, the system has to be moulded to the requirements of the proposed structures, responsibilities and the functioning of the panchayati raj institutions. It is not the intention here to offer any new disquisition or any conceptual thesis on developmental administration, but only to outline the pattern that will be suited in decentralising the developmental functions of the State to zila parishad and to the lower tiers.

It has been brought out in the chapters on Structures, and Functions that the first tier of decentralisation should be the district and a panchayat with a cluster of villages will have to be formed. The transition to the mandal panchayat from the existing village panchayats is needed and the block/samiti/taluk may play a part for some time. The functions will be discharged by the zila parishad and these lower tiers, and naturally all the staff engaged in development that is now available at the district and lower levels, for these programmes, will have to be placed under the elected representative bodies.

This would mean that all the staff relating to the decentralised items, at the district level, and those subordinate to them in the respective departments should be working for the zila parishad. With the decentralisation of functions of the State, the implementing machinery of these items should also be placed, by the State Government, with the zila parishad. All district level officers connected with development will thereafter be under the zila parishad. This would result in the transfer of the present Government staff to work in the zila parishad. A separate development administration on a decentralised functioning would develop alongwith a composite zila parishad secretariat.

A number of critical issues have been pointed out in such a change over. One set of issues relate to the staff and another to the system. The staff at present are mostly government servants with salary scales and service regulations of the State Government with a varied recruitment background and it is pointed out that alternations in this status would not be easy nor appreciated by them; any adjustments made to suit the new structures could, therefore, be thwarted by the staff through numerous ways. The other one is that a system of line-hierarchy, unity of command at the State level, capability for transfer of technology will all be upset in evolving a horizontal control at the district level.

The Maharashtra and Gujarat experiences have many pointers to us on these problems, apart from the over-riding need to strengthen the democratic administration. In regard to the problems of cadres, recruitment and other conditions, it would be essential to acknowledge

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that the fundamental change in the State apparatus at district level is taking place with the establishment of the panchayati raj bodies. The administrative structure will have to adapt itself to it. Promotion prospects can be stipulated which are both in the interests of the staff as also to encourage the flow of talent for higher responsibilities. The pay and other emoluments can also be protected. But the State will still have the task of maintaining a uniformity in service conditions and State level calibre for certain categories of staff who will have to serve all over the State. This takes into account certain other State obligations in zonalisation of appointments, etc. While maintaining uniformity and standard, the control of the State over the field staff in-charge of district-level items will have to be less.

It is on this broad approach that in Gujarat and Maharashtra all staff of 'gazetted' rank, class-I and class-II are kept with the State Government and those of class-III and class-IV are fully handed over to zila parishads. Besides a normative approach, this has also the practical advantage that the recruitment and transferability of class-III and class-IV is generally within a district. But their promotion to class-II and Class-I of State Government, as per the prevalent rules, is protected. Based on this classification, one set of staff could belong to the State level cadres and another to the district level cadres. Class-I and class-II staff of State Government could work under the zila parishad. There should be periodic inter-changeability at the horizontal level between the State level officers and those under the zila parishad. The word 'deputation' is not necessary unless the State Government would like to bring in such a system, with its other implications. Otherwise, they could be part of the State, but posted under the zila parishad. The difficulty of a State level cadre working through the class-III and class-IV staff belonging to zila parishad need not be exaggerated, as even now they are virtually within the district and a newly posted district level officer works with what is available to him. The recruitment of the zila parishad staff can be done at the district level, but with a uniform criteria; a common State level board, or by a board of zila parishad but with State level representation can meet the requirements of qualitative standard.

#### ALL STAFF UNDER A CHIEF EXECUTIVE OFFICER

When it is postulated that all the developmental staff will be under the zila parishad, it is also assumed that they will be under the administrative control of one chief executive officer (CEO) like a chief secretary, at the district level who will be under an elected body. A unity of command, as also the coordination point is achieved for work and a locus for staff control is assured. Even at present, due to the work load, the collector is assisted normally by a person of equivalent rank, but subordinate to him, to attend to the developmental matters. With decentralisation of functions under the supervision of an elected body, such a procedure will be institutionalised under the zila parishad. Maharashtra calls such an officer as the chief executive officer of the zila parishad while Gujarat designates him as a district development officer of the district panchayat. It would be appropriate that his executive and implementational functions are adequately reflected in a designation like the chief executive officer. The staff working in several departments in the zila parishad will be under the control of this chief executive officer.

Difficulties are even now experienced in some States when the collector is being asked to coordinate the work of other departments in the district. Several personal or departmental predilections are causing problems to the State Government in making the collector 'the captain of the team'. It is pointed out that when the CEO has to head the entire secretariat of the zila parishad, the existing type of conflicts between the district level heads of the departments and CEO could be resolved. But in the altered situation the position of the CEO and that of the other heads in the district would be somewhat different. Laying the overall policy and giving the necessary directions will be with the elected representatives who are immediate-

ly above. It is only the executing part of it, that will be the responsibility of the CEO. Under the committee system, separately mentioned, at the district level, the district heads will also be the secretaries of the concerned committees with the CEO being the invitee to the committee's sittings. Thus, the pattern contemplates a position to the CEO even in the committees. He has to see that the work of the committee and the decisions of the zila parishad are carried forward. The opportunities for working together are more. The revised structure of an elected body acting through committees and its CEO achieving horizontal coordination at that level presents a different set-up than the present one of the collector getting together all the district level officers.

The role of the CEO in the working of zila parishad will have to be established. While policy formulation is with the zila parishad, supported by any specific decisions taken by its committees, the entire responsibility for implementing work will be that of the CEO. Unless this is clearly accepted and acted upon, many of the criticisms now made against the functioning of local bodies will continue. It may take time to establish and settle this, but the sooner it is done the better for the execution of development proramme.

In order to discharge this responsibility effectively, the CEO should have adequate knowledge and competence in man-management and sufficient administrative experience to be able to function effectively as CEO of an elected body but simultaneously heading a group of different administrative and technical disciplines. This difficult role could be played only if a man of sufficient seniority is appointed to this position. A suggestion is that it should be the practice that a person who has successfully 'done' a district for a period of not less than three years, be appointed as CEO. Without such experience and established capabilities, the functions of the entire zila parishad administration with the enlarged duties will run into difficulties. It is possible that the CEO will be senior to the collector under this arrangement. Since the jurisdiction of the collector will be limited to 'regulatory' functions and as an agent for government for social audit, it is unlikely that there would be any conflict developing. Unless the developmental executive is of a sufficiently high rank, it will not be possible to establish the importance that should be given to field administration as also to the elected body.

It would also be desirable that the CEO is assisted by a development officer, who would be looking after the work connected with the zila parishad sittings. This work would be considerable. Such an officer could be an under-study to the CEO and in future would form the nucleus of a cadre of the developmental staff at the zila parishad.

The problem of transferring the entire staff to the control of the zila parishad and dividing them into the State and the district staff will not present too many physical problems since it involves only declaring that the entire staff in the district—where they already are—will be under the control of the elected body. There will, however, be personnel difficulties. This is inevitable when a new administrative set-up has to be organised and different structures of democracy with greater powers are being established.

#### DUALISM IN STAFF STRUCTURE

Even in States which have experimented this procedure, a dual staff system is obtaining. Those who discharge the State functions at the district headquarters are still a parallel set-up to the zila parishad staff. Part of this would be avoided since no restrictions of ceilings are being placed within the decentralised functions to the zila parishad. The State Government will distinctively look after the major projects, certain State-sector items, or any other specific inter-district matters. Hence even if there is a State executive engineer for irrigation or for

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roads, his area of work will be different. For the technical sanctions beyond a particular limit, the zila parishad executive engineer or the officer of the concerned department will seek the approval of the State superintending engineer or other officer as required under the codal procedure. The dualism of the staff at the district level will be limited to the State functions which would be determined while decentralising the powers to the zila parishad.

In all the discussions that we had there was a constructive approach that the administrative decentralisation of the State functions has become necessary. Most of the officers have also felt the need and validity of this stance. On two aspects there was hesitation: One is regarding the postulate that integrated development requires integrated staff structure and second is that the staff should be under the control of an elected body. With the CEO acting on behalf of the zila parishad and who has an overview of all the matters, the position of an integrated administration would develop. At the lower levels, one of the problems has been that there is no agency to bring together the numerous government functionaries, even when powers are decentralised. This aspect of coordination has now assumed a great relevance in the plan implementation. In regard to the hesitation of the staff to be under the direct and continuous supervising eye of the elected representatives, it is an inevitable part of the transition in administration for which the responses have to be positive. The technical guidance of the departmental superiors would continue. This would be both suo moto from the superiors as also when required by the district staff. The hesitations and the reservations of administration that were obtaining when for the first time, legislatures with a council of ministers began functioning in the States, are being repeated in regard to the panchayati raj institutions. A wholesome system of the political executive controlling the administration has developed at the State level and it is inevitable that such a rapport between the two wings will develop at lower levels also.

### ROLE OF THE COLLECTOR

In this set up-at the district level, the collector would continue to exercise the regulatory, revenue and other functions assigned by the State Government to him. For some time to come, it appears necessary that such a general representative of the State Government and also of law and order, which, as a function, has implications beyond the district and even State boundaries, should continue. The next important role of the State Government—to ensure the interests of the weaker sections—would also be discharged, on their behalf when the collector would organise and help the conduct of social audit. The matter may have to be reviewed later when some of the regulatory functions of the State are sought to be transferred to zila parishad.

It is at the mandal panchayat level that some detailed efforts by the State Government will be needed in settling the staffing pattern and the control. Since Mandal Panchayat would be capable of handling the devlopmental as also the municipal welfare functions, it should be possible for them to have, instead of a part-time secretary, a full-time panchayat executive officer. The salary and emoluments will be such as will be appropriate at the mandal panchayat level for attracting a sufficiently qualified personnel. There is at present considerable staff in different departments who are attending to several development and welfare activities at the field level. The agriculture extension officers, the Veterinary stockmen, fishery extension assistants, commercial crop extension workers, small industry promotion staff, health sub-centre staff and the like would progressively move to the mandal panchayat level. The panchayat executive officer will fulfil the role of the CEO. Punjab government is starting with a team of one agricultural inspector, one cooperative inspector, one sub-inspector of agriculture, one sub-inspector, cooperative, and two gram sevaks; there will be two such batches to cover the focal points in the block; as the work gets set and increases, other alterations are not unlikely.

It has often been pointed out that there are far too many government functionaries at the village level, which the villager will have to approach for his different requirements. A suggestion has been made to reduce the number at the village level to only three persons, developmental or unclassified regulatory functions and panchayat secretary. But this problem will gradually become manageable when these persons are all stationed together at the mandal level. At one place, the villager will be able to obtain answers to his requirements. Part of the problems of the villager is not merely in the number of functionaries that he has to meet, but also in the procedures involved. This is an area which has not been touched upon here as it requires specific study in itself. It is also pointed out that the village level staff has to submit far too many returns which detracts him from his main task of field work.

The system of line-hierarchy has been mentioned earlier for achieving results and on time. But, at present, it is contemplated that all the staff in the zila parishad will be under the control of the superiors for technical matters; it gives enough scope for technical-line-control. As far as technical inputs are concerned, the system of line-hierarchy is not violated. Anyway, part of the staff of zila parishad are State cadre officers. For administrative control they will be under the CEO of the zila parishad. Unfortunately, the entire perspective of administrative functioning gets somewhere or the other limited to the writing of C.C. Rolls, the approval of the tour programmes and the sanctioning of leave. Sometimes it is the zila parishad chairman who presses for it and at other times it is the concerned district head who insists on this. This is a conflict which cannot be easily settled. A decision that while administrative control lies with the CEO, this would be delegated by him to the concerned departmental district officer, can meet part of the problem. The C.C. rolls of the district level technical staff written by the CEO will, however, be countersigned by the concerned head of department. After the zila parishad chairman, the commissioner of the division could be the countersigning authority for the CEO.

This difficulty is partly due to the fact that similar to the lack of political will that is attributed to the political executive, an administrative will to work any alternate system should also develop. Till now, control has never included a horizontal coordinating point as far as the State head of the department is concerned. An alternation has to be fostered. The State heads of the department whenever they visit the district could also call on the zila parishad chairman to acquaint him of the essential features of their visit to the district. This is a procedure which is obtaining in some States for the state directors vis-a-vis the collector of the district. It would also be in the interest of the chairman of the zila parishad to establish a greater rapport with the State directors so that he would be able to avoid minor frictions with the State government and achieve a more streamlined delivery system to zila parishad from the State itself. When the new structures function efficiently, a new ethos for administrative procedure will evolve. In each situation, this will have to be tailored suitably.

## ADMINISTRATIVE ORGANISATION AT STATE HEADQUARTERS

It should also be relevant to refer to the administrative arrangements at the State headquarters to look after all matters relating to the panchayati raj institutions and actively promote their efficient functioning. At present a community development and panchayati raj department or a rural development department look after the statutory and development work of the panchayati raj institutions. It does not seem necessary to have a community development department any longer.

There should be a minister for panchayati raj holding charge of the panchayati raj department whose main tasks at the State level should be as follows:

(a) enactment of panchayati raj legislation;

- (b) elections to panchayati raj institutions;
- (c) training of elected office bearers and executive officers and administration of all training centres meant for the panchayati raj systems as a whole;
- (d) promotion of audit of panchayati raj accounts;
- (e) review of panchayati raj activities for report to the State legislature;
- (f) promotion of camp training of elected members to panchayati raj.

While the workload in the statutory type will probably be larger in volume than at present due to all the tiers working and throwing up a larger number of problems, it is the developmental work that will present more complications. The decentralised functions will be on a scale not seen earlier. There is also the need for constantly studying the developmental requirements and mould the structures and functions suitably; the transition in the work allotment and directional changes in the assignment of functions were referred to in the chapter on 'Functions'.

On the routine administrative work in the general aspects of panchayati raj institutions, a strengthened directorate of panchayati raj and a secretariat department for this would become necessary. The developmental tasks will, however, have to be taken up by all departments, probably under a development commissioner as in some States. The panchayati raj set-up would be all-pervading into most of the State activities, with planning and implementational work decentralised and allocated to panchayati raj institutions. Each department will not only have to set its broad State-level targets and strategies but also will have to assist the implementation of them through the elected bodies. It is they who will have to study the interactions, at the State level, of other departments over their schemes and evolve action in unison. Almost all the departments except probably 'Home' (unless they are also involved in programmes of scheduled castes/scheduled tribes) will have to play a major role in the successful working of the panchayati raj institutions. Their accountability for performance would still continue. The planning Department, apart from analysing the focal points and developmental indices, will have a heavy work schedule in first assisting the formulation of district-level plans, and in synthesising district plans into a State plan.

## STATES' OBLIGATION

In this direction, the statutes should be so framed as to facilitate the transfer of full powers. The State Government has a particular responsibility to see that these are actually observed in practice. The responsibility of the council of ministers at the State level in this direction assumes particular significance, as two committees of legislature will be looking after the entire performance of panchayati raj institutions including financial devolutions and the social audit.

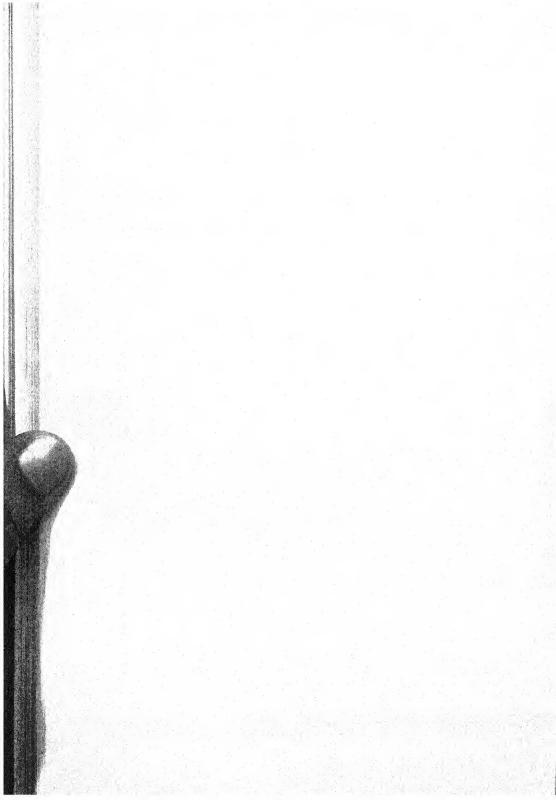
The State Government should arrange for periodical independent evaluation of the working of panchayati raj institutions by competent agencies. There the educational institutions, particularly the universities, have to play an important role. Such evaluations will provide the base for remedying the operational defects and suggesting modifications from time to time.

The Government of India also have the special obligation to strengthen the process of democratic development management at the rural level. They will have to extend their sympathetic support in the early stages of the scheme so that it really takes off the ground. They have to particularly see that development programmes falling in the district sector are run under the auspices of panchayati raj institutions and that they in no way by-pass them. Suggestions made by the Committee, such as increasing the training facilities at all levels, will require attention in the sectoral allocations of plan funds and there the Government of India will again have a positive role to play.

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## Book Reviews

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- SHRI C.S. CHANDRASEKHARA—Director, School of Planning and Architecture, New Delhi.
- Shri P.R. Dubhashi—Establishment Officer and Additional Secretary, Department of Personnel and Administrative Reforms, Ministry of Home Affairs, New Delhi.
- PROF. S.K. GOYAL—Professor of Economic Administration, Indian Institute of Public Administration, New Delhi.
- DR. K.L. HANDA—Reader in Financial Management, Indian Institute of Public Administration, New Delhi.
- PROF. V. JAGANNADHAM—Former Professor of Social Policy and Administration, Indian Institute of Public Administration, New Delhi.
  - DR. R.B. JAIN-Reader in Political Science, Delhi University, Delhi.
- DR. KAMAL NAYAN KABRA—Reader in Economics, Indian Institute of Public Administration, New Delhi.
- SHRI R.N. MADHOK—Formerly Additional Secretary, Ministry of Health and Family Welfare, New Delhi.
- PROF. KULDEEP MATHUR—Professor of Behavioural Sciences, Indian Institute of Public Administration, New Delhi.
- DR. GIRISH K. MISRA—Reader in Human Settlement and Physical Planning, CUS, Indian Institute of Public Administration, New Delhi.
- SMr. NALINI NATARAJAN—Lecturer, Indian Institute of Public Administration, New Delhi.
- DR. HARBANS PATHAK—Lecturer, Department of Public Administration, Punjabi University, Patiala.
- PROF. L.S. RATHORE—Professor and Head of the Department of Political Science, University of Jodhpur, Jodhpur.
- PROF. P.D. SHARMA—Professor and Head of the Department of Public Administration, University of Rajasthan, Jaipur.
  - SHRI B.P. SINGH—Director (G), Ministry of Defence, New Delhi.
- SHRI S.N. SWAROOP—Officer on Special Duty, Department of Personnel and Administrative Reforms, Ministry of Home Affairs, New Delhi.
- Shri Nasir Tyabii—Reader in Operations Research, Indian Institute of Public Administration, New Delhi.
- PROF. MARIO D. ZAMORA—Professor of Anthropology, College of William & Marry, Williamsburg, Virginia, USA.

## **EDITORIAL**

In the present issue papers on three distinct themes are presented, besides others on allied topics. The themes dealt with are: policy and performance of public enterprises in India and in certain other countries; the institution of ombudsman and its contemplated Indian variant, the Lokpal; and panchayati raj institutions and their role in rural development. Apart from discussing some of the major issues relating to the three themes in the papers themselves, some useful supplementary material is given in the Documents Section with a view to provide more background information.

A feature of the modern society, especially in the developing countries, is the growth of public enterprises in number and range and their attempt to be in control of the commanding heights in the respective country's economy as a matter of public policy. While the philosophy of public enterprises, in the context of a given societal ethos, may not be questionable any more, their working and their future direction are certainly open to discussion. This is aptly so because the working of public enterprises in several countries, in retrospect, has not been always perceptibly gainful, in balance, for the

community. Due to social and economic compulsions there cannot be any question of going back. Hence the importance of corrective action in time to avoid any wastage of scarce resources. And their direction in the future needs mid-term correction if they are not ultimately to end up in a loss of scarce resources.

G. Venkatswamy, who discusses the Indian experience at home, taking up the working of a comparable number of public enterprise units in three States—Andhra Pradesh, Karnataka and Kerala—draws a balance sheet of theirs over a period of years and concludes that there are several aspects in their working—lack of profit motive, improper investment policy, over capitalisation, poor costing system, under-utilisation of capacity and a score of others—which clearly establish a strong case for a review of these, unitwise, in order to measure how far they have stuck to or strayed away from the course charted out for them when they were set up and also, more generally, to determine how far they have fulfilled or failed to fulfil the objectives of the industrial policy of the government. No omnibus remedy is possible and each case has to be looked into in detail, and in proper perspective, to draw some worthwhile lessons.

The main policy for setting up public enterprises has, no doubt, been laid by the Central Government and it is presumed that the State Governments are setting up units under their own auspices in pursuance of this policy. But, in regard to several details of the State units, both in objects and in working, according to the author, the time has come to rethink so as to put them back in alignment with the overall objects of the country's industrial policy.

Unsatisfactory working is not confined to the State units only. The reports of the Parliamentary Committee on Public Undertakings chronicle the lapses of the Central units which the Committee has picked up for detailed investigation. It is also necessary that public undertakings, Central or State, need be compared with the performance of the private industry every time in order to comprehend the ills that have befallen the public units. The report of the Sachar Committee deals elaborately with private industry working and indicates the evils of concentration of economic power in private hands. What is however of interest is the working of public enterprises per se and the need to remodel them in conformity with changing technology and modern business management methods. This has to be viewed in the perspective of the socio-economic policy of the state with all its implications.

In order to bring this about, there should be scope for considerable initiative by the unit and operational freedom from unimaginative restrictions. S.N. Puranik takes a close look of this area of our public enterprises'

functioning and tries to expose the paradox of their freedom not being real freedom and their control not being effective control. Puranik is particularly critical of the 'authoritative' role of the Comptroller and Auditor General vis-a-vis the public undertakings and feels that this role needs a thorough change. He is also critical of the interference by ministers and others in the working of these undertakings and feels that Parliament is not always being effective in checking this. He hopefully speaks of a balance between autonomy and the checks thereon at the unit level in order to ensure the viability of the unit, on the one hand, and its conformity with the overall government policy in industrial development, on the other. Many of these points have been made by the ARC and in the reports of the Parliamentary Committee on Public Undertakings. What is really necessary is to initiate action at micro level with perception and resilience for corrective steps as may be needed.

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The recent experience of the working of public enterprises does not seem to be any the better in a majority of developing countries. The papers from Bangladesh, the Cross River State of Nigeria, and Western Nigeria, featured in this issue, testify to some of the basic maladies. All of them stress the need for change and rationalisation in the respective structures of their public enterprise units and in their management methods. The fundamental objectives and the need to reconcile the concept of accountability and operational autonomy have to be recognised by the authorities who have to run them and by those who have to ensure political control.

Zafarullah speaks for Bangladesh where, according to him, roughly about 85 per cent of the assets of the industrial sector is under government control. These enterprises make a variety of producer's and consumer's goods and their structure also varies, the most important being the corporations. Bad management and poor coordination, according to Zafarullah, are the main difficulties that the corporations now face. His solutions are multi-level, besides a call for efficiency, professional competence, decentralisation of authority etc. in each operating unit. He also complains of the workload on the chairmen and directors of the companies. The role and relationship of the chairman, managing director and the board of directors requires a good deal of consideration from the view point of operational effectiveness.

Gordon J. Idang traces the phenomenal increase in the range of public enterprise since 1968 in the Cross River State where such enterprise is accepted as an instrument for socio-economic change. While, according to him, there may be no quarrel with the outlook and policy, he raises the relevant question whether public enterprises are also not expected to work on the basis of economic rationality, without, at the same time, impairing their social outlook and their sense of distributive justice. If these units do generate external economies, are they not to be reflected in their balance sheet also,

asks the author. He illustrates his case by analysing the working of the Sestrade Super Market in the Cross River State.

Akinsanya, in the next article, poses a larger question: can public enterprises still be used as instruments of economic development, given that a majority of them incur terrible losses which, in turn, call for sizable subventions from the government or, in other words, from the tax-payer. In many countries this kind of situation has led to rethinking about the entire financial structure and resources of public enterprises so that there is clarity about their economic viability and financial operations. The author draws several lessons from the working of a particular unit of public enterprise in his country, namely, the former Western Nigeria Development Corporation, which, according to him, shows how a public corporation should not be worked if it is to work profitably without compromising its socio-economic responsibility. From this stand point, Akinsanya proceeds to narrate the problems facing many other Nigerian public corporations and State owned companies. Their poor performance, according to him, can be attributed to factors which are by now universally known-too much alleged governmental interference, weak organisational structure, absence of clear objectives, low quality of the personnel and low staff morale, among others. Akinsanya quotes Forbes about US business: if a company has nothing good for it except one thing—good management—it will make the grade. If it has everything good for it except good management, it will flop.

Morton R. Davies elaborates the leadership aspect of management in large-scale enterprises and, in the process, asserts that the nature of leadership will affect the entire performance and ethos of an organisation; in some instances, he significantly adds, the quality of leadership will even affect the design of institutions serving the whole country. Theories of leadership apart, there is no doubt that entrepreneurs or managers can do a great deal to enhance the effective performance of a business organisation by their leadership qualities. Application of such leadership will vary according to the environment of each unit and, indeed, one quality of leadership itself is to evolve a style suitable to the organisation concerned. But leadership is certainly something more than expertise and professional skill. The literature on management has, no doubt, innumerable case studies on how leadership is discovered and made to function in order to subscribe to an organisation's needs and objectives; but, in actual practice, this discovery is a long-drawn affair and, more often than not, risky too. But which innovative change is not risk prone? It is here that the direction the political leadership provides to the tone and temper of the national economy as a whole becomes important.

The institution of the 'grievance man', having been a success in the country of its origin, has travelled far and today there is said to be over 30

countries where it has been set up, with more in the line to follow. In India the ombudsman's variant, the Lokpal, has been functioning in Orissa, Maharashtra, Bihar, Rajasthan and Uttar Pradesh. Others like Gujarat, Karnataka and Madhya Pradesh have proposals before them for this purpose. The Union Government itself has the Lokpal Bill under consideration in Parliament. In our country also, besides the report of the ARC, a good deal of literature has grown up by way of reports or general studies.

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The usefulness of the 'grievance man', as a defender of the rights of the ordinary citizen, especially in that twilight area of administrative law, has been well accepted and the working of the institution in the countries where it has been established goes to strengthen the belief that in the ombudsman the common man may have a forum, where the legal system is much too expensive and cumbersome to be of real use to him. There are several other valid reasons also why this institution has become so acceptable even in countries of such differing political contours.

G.B. Sharma, in his article, lists several of such advantages but, simultaneously, also gives the dysfunctional aspects of the institution. He claims, however, that the advantages far outweigh the disadvantages, based on the experience of a large number of countries. Sharma takes up the office of the ombudsman in Nova Scotia for a close analysis. Nova Scotia is the fifth Canadian province to appoint an ombudsman and the necessary Act for this was passed in 1970. Seven to eight years is too short a period for any conclusive judgement on the success or failure of the institution in this province but, as Sharma argues, there have been enough instances within this period to show that the original model needs changes in several aspects of its working in order to be of real assistance to the common man. Primarily, according to Sharma, there is need to protect the ombudsman, as an overseer of administrative conduct, from slipping into the hold of one governmental department or another, much to that institution's embarrassment, if not discredit.

Coming to India, G.C. Singhvi offers a case study of the Lokayukta institution in Rajasthan and examines the Rajasthan Act of 1973 to find out how far the provisions in it have been of help in the redressal of the common man's grievances. Here again a period of five years may appear to be far too short to come to any definite conclusion but, according to Singhvi, there is already evidence to show that the Rajasthan Act needs several changes in order to be effective. Singhvi substantiates his case by taking into account the three annual reports, 1973-74, 1974-75 and 1975-76, on the working of the Lokayukta and the Up-Lokayukta in the State as, according to him, they are not only comprehensive but quite revealing.

This takes us to the attempt at the Centre to have a Lokpal 'to enquire

into allegations of misconduct against public men and for matters connected with it', as the Bill presently before Parliament is described. S.L. Verma gives in brief the history of the Union Government's steps in this direction and analyses the provisions of the present Bill to find out how far they will go to defend the rights of the citizen.

Several of the weaknesses of this Bill have been pointed out in the dissenting minutes of the members of the Joint Select Committee of Parliament. We have given in full one of these minutes in the Documents Section. Naturally such a controversial subject is bound to give rise to different viewpoints. There is the criticism that the Bill is very different from what the ARC had thought of in its interim report and in the recommendations it had made. In fact, it has been pointed out in some of the dissenting minutes that the earlier Central Bills of 1968 and 1971 were closer to the ARC recommendations. The present Bill, on the other hand, does not think so much of an ombudsman—a defender of the citizen—as providing a forum to investigate allegations against public men.

These and other similar points will, no doubt, be taken into account when Parliament considers the Bill and one can expect the collective parliamentary wisdom to incorporate such provisions in the Bill as will make it really an effective measure not only to check corruption and ensure probity in administration but also to protect the citizen's rights.

On the third theme of panchayati raj institutions and their role in rural development, there are two papers. Shukla highlights the findings and recommendations of the Asoka Mehta Committee with appropriate background which is helpful in appreciating the Committee's recommendations. As a supplement, we have ourselves given in full the Committee's chapter 'Approach and Recommendations' in the Documents Section which again throws considerable light on the Committee's line of thinking regarding the future of the panchayati raj system in the country. The Asoka Mehta Committee has raised fundamental issues and opened new vistas of rural development. We can only hope that they receive adequate and dispassionate consideration with that amount of intellectual integrity which can surmount an conscientious resistance to change.

(Mohit Bhattacharya, in the next article, raises the larger issue of panchayati raj institutions being considered as the change agents in the rural setting in the face of the Dantwala Working Group's unqualified assertion that planning for the lower strata in rural areas should be handed down from above if it is to benefit those for whom it is meant and "cannot be a product from below in which the below is dominated by the rich and the strong". These two differing approaches by two important bodies, both

endowed with considerable authority and experience, in fact, throws open the entire question of panchayati raj versus planning, and presents a challenge to those concerned with the working of decentralised development administration.

There are three other papers in this issue which are not directly connected to the three principal themes discussed above, but are germane, all the same, to understand them properly as they touch upon one aspect or the other of public policy. Arie Halachmi analyses the policy making process in administration and develops a theory, after summarising the existing schools of thought on this matter, which, according to him, divide the approach to policy analysis. The 'spiral theory' which he develops, he says, incorporates the dynamics of the process of policy making which the other theories do not sufficiently emphasise but should have, in order to understand the process correctly. Halachmi describes policy making as from cycle to cycle, contracting in and expanding out, to a central stem. This gives a three dimensional view of the policy process as against the conventional vertical-horizontal dimension. He goes further and gives several models in the spiral theory to signify the possible variations in policy making-in its origin, process and conclusions. But, as he himself concedes, the value of policy analysis lies on its merit which, in turn, rests upon its ability to predict and guide the course of events so that the policy maker has a choice before him from among several seemingly appropriate alternatives. The area of policy making in administration is a complex one and needs greater study from different angles.)

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Handa's paper deals with the accounting system now obtainable with the Government of India and draws attention to its several defects and, therefore, calls for appropriate changes. Taken together, they would lead the system more and more towards performance budgeting as against the conventional system, governed largely by financial and legal accountability. According to Handa, the changes he suggests will facilitate monitoring and analysis of expenditure on a functional basis of programmes, activities and projects. It will also give the various levels of management timely information regarding their specific needs which will ultimately provide a system of accounting in governmental functions that is at once efficient and adequate.

Bata K. Dey, in his article, is concerned with the performance appraisal of government personnel and suggests several norms which, as he says, will go a long way to have an objective and efficient system of evaluation of staff work leading both to staff satisfaction and greater productivity. The issues of performance appraisal are of basic importance to the morale and motivation of the administrative machinery, and hence merit continuing thought.

The index for the four issues of 1977 (Vol. XXIII) is being sent along

with this issue. We hope the index for the current volume will be made ready soon and will accompany the January-March 1979 issue.

All along, the IJPA has received the unstinted cooperation of the contributors, reviewers, the members of the IIPA and the large body of general readers. We have received several letters of appreciative comments from them and we are deeply grateful to them as their reactions provide us both encouragement and guidance.

We wish our readers a very Happy New Year.

-EDITOR

## From Descriptive, Explanatory and Prescriptive Views of Policy Analysis to a Spiral Perspective

### Arie Halachmi

DYE claims that the agreement "...to focus concern on explanation rather than prescription...gives the policy analysis movement whatever intellectual coherence that it possesses" (Dye 1972:104). Dye is not alone in voicing this formulation. He echoes an opinion Sharkansky expressed earlier suggesting that the current interest in policy departs from its predecessors...(by) "a primary concern with explanation rather than prescription" (Sharkansky 1970:2).

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Dror offers a different position. He distinguishes between two meanings of policy analysis. He calls the first explanatory policy analysis, a term he would reserve for the 'analysis of policy-making and the study of policy impacts.' This approach, he suggests, is exemplified in the work of Dye and Sharkansky. He calls the other approach 'prescriptive policy analysis' by which he means "methodology which compares alternatives within a systematic framework, including political and institutional aspects, and tried to arrive to value sensitive recommendations" (Dror 1973:258). Dror makes the case for a more extensive use of prescriptive policy analysis by policy makers and for encouraging development of adequate methodologies and strategies of research both by policy makers and political scientists.

Differences between descriptive and explanatory policy analysis are not always clear and they become even less so as one becomes aware of the different attempts to differentiate between them. Sharkansky discusses explanatory policy analysis and refers to the need to use an eclectic approach (1970:2) while Dror recommends the employment of interdisciplinary teams to carry out prescriptive policy analysis (1972:4). A careful examination of the two proposals makes one wonder what the difference is between the two; for if 'interdisciplinary' means anything, it means 'eclectic'. Similarly, one finds that while according to Sharkansky attention in explanatory policy analysis is given to 'policy determinants' (1970:2) prescriptive policy analysis according to Dror concerns itself with "clarification of choice dimension" (1972:4-5). Policy determinants are those factors that shape the final impact

of the policy on the environment. Each of them constitutes a consideration, a particular dimension in which the different alternatives may be compared. Therefore, the reader may rightly question whether this is anything more than an exercise in semantics particularly when he considers the way Joseph Bower differentiates between two sort of decision theories.

Bower suggests that "All meaningful theory is either 'normative' or 'descriptive'. Its objectives are either to provide rules that will improve the consequences that result from action", that is to be 'prescriptive', according to the Drorian terminology, or, "to describe the patterns of behaviour that characterise action" that is to be explanatory (1968:103).

Efforts to relate the two approaches—the explanatory and the prescriptive—are ridden with difficulty. The fact that the terms 'descriptive' and 'normative' theory are used interchangeably for explanatory and prescriptive approaches respectively does not help to clarify the situation. The fear of such confusion is indicated by the tendency of writers to explain to their readers to which school they prescribe.

Brian Fay, for instance, says:

"Sometimes by a 'policy science' is meant that process of analysis by which the various consequences of particular courses of action are spelled out in terms of their momentary costs and benefits so that a decision maker may well be informed as to the possible outcomes of his alternatives. A policy science in this sense is intended, to use the current jargon, to 'map the decision space' in which the policy maker is going to act. This is *not* the meaning of policy science as I use the term in this book.

"The other meaning of 'policy science' which is how I use the term here is that set of procedures which enables one to determine the technically best course of action to adopt in order to implement a decision or achieve a goal. Here the policy scientist doesn't merely clarify the possible outcomes of certain courses of action, he actually chooses the most efficient course of action in terms of the available scientific information."

By proposing this differentiation Fay (1975:14) wants to tell the reader where he stands but after examining it carefully one begins to wonder how it is possible to choose "the most efficient course of action", without first mapping the decision space—that is, without subscribing to the meaning of policy science that Fay wants to avoid. It is also not easy to deduce Fay's position on the dichotomy formed by the two opinions expressed by Dye

and Sharkansky on the one hand and Dror on the other. Fay is not interested in the map of the decision space; this implies that he rejects altogether the consideration of 'policy determinants' and 'clarification of choice dimension'—the two ways in which the descriptive-explanatory and the prescriptive approaches are expressed. Being aware of the different uses of these terms Spadaro acknowledges that "one important division that remains within political science and now divides opinion on public policy analysis is the argument over normative versus empirical research and prescriptive versus descriptive policy analysis" (Spadaro 1975:3). He differentiates between the two concepts by confirming that "descriptive policy research seeks to explain the causes and consequences of public policy; whereas prescriptive policy research concentrates on values implicit to public policy (Spadaro 1975:3). His approach to the differences between descriptive and prescriptive policy analysis might have been helpful had he not then attempted to differentiate between applied and theoretical policy analysis:

"The reader should be aware that descriptive policy research is not necessarily theoretical research and prescriptive policy research is not necessarily applied research. The distinction between theoretical and descriptive is that the former means basic research within academia usually and the latter involves empirical research procedures on causes and consequences. Applied indicates direct involvement . . . while prescriptive research implies that the values of policy, whether in direct involvement or in general academia, should be formulated or analyzed. This last distinction is an important one since values can be approached traditionally or attempts can be made to empirically analyzed values. In short, prescriptive policy research can include both of these approaches.

"Since there are significant limitations on our present state of development in theory, models and methodology, there are strong arguments against both applied policy and prescriptive research. Nevertheless, the counter arguments are at least equally as strong. Research, for example, in these latter two areas could help generate the data and models we need for more sophisticated theoretical knowledge" (Spadaro, 1975:4 Emphasis added).

From this lengthy quote one can discern different ways to characterise different kinds of policy analysis. One way is to label a policy analysis as either 'descriptive' or 'prescriptive', another is to call them either 'theoretical' or 'applied'. An attempt to present these dichotomies in a two by two matrix originally appears promising but collapses as one tries to define the content of each cell. Spadaro claims that "descriptive policy research is not necessarily theoretical research". From that one assumes that 'descriptive' policy research can also be 'applied'. Then one finds that "prescriptive policy research can include both of these approaches", that is 'theoretical' and 'applied'.

Attempts to differentiate between the prescriptive and descriptive policy analysis on the grounds that have been so far proposed are confusing because they were not developed initially as two mutually exclusive approaches. Therefore, in order to reduce the existing confusion, there is a need to clarify the relationships between them rather than try to manufacture artificial and misleading dichotomies.

The task this author undertakes is to examine the relationship between prescriptive and descriptive policy analysis. The paper suggests that there is a *spiral relation* between descriptive and prescriptive approaches. The paper discusses this spiral relation not only in order to suggest a way by which to relate conceptually the two approaches but also in order to offer answers to another important question raised by Dye but never answered: "How prescriptive can political science become without abandoning its commitment to systematic social science?" (Dye, 1972:104).

### WHAT IS A SPIRAL?

It is possible to conceive of a spiral as a stairway rising from the floor (or descending from the ceiling) to the tip of a conical tower or as a widening (or narrowing) coil. The spiral involves movement developing towards or away from a designated point in a circular motion around a fixed axis of rotation. As a geometrical figure the spiral, whether conical or flat, has some interesting attributes. One of these is that its revolution on the axis of rotation is constant. Its movement is constant but its consistency will vary; it may be gradual or fluctuating, reflecting the different paces of development. Nonetheless, it maintains a constant axis of rotation which gives it a certain symmetry. A second character is related to the existence of an internal relation between any two consecutive points on the spiral; the deviation from one point to another in relation to the axis of rotation, has minimum and maximum limits. Any deviation exceeding those limits interferes with its circular momentum and eventually brings a given spiral to its end. To be sure, if the deviation between two consecutive points is smaller than a certain minimum value, the circular movement is flattened. On the other hand a deviation exceeding the upper limit would cause a warp resulting in a distortion of its symmetry on the axis of rotation.

A third condition of the spiral that I would like to mention here is that although the spiral returns to the same position in relation to its axis following each cycle, it does not return to the same point. The difference between the points that stand in the same position in relation to the axis indicates the amount of change made within and between the cycles. Each new point becomes the basis for continuing progress enabling the spiral to resume the same position in relation to the main axis but in a preferred manner with the completion of each cycle.

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The usefulness of the spiral perspective can be illustrated by reference to what Lindblom calls in one of his early presentations of the incremental model of policy making 'the branch method' and the 'root method' in policy analysis. The first is "a process of continually building out from the current situation step by step and by small degrees." By the second—'the root method' he means, "starting from fundamentals anew each time, building on the past only as experience is embodied in a theory and always prepared to start completely from the ground up" (PAR 59:8). Lindblom presents these two approaches as alternative approaches but according to the spiral approach, they are not necessarily contradictory. The spiral development of the policy making process follows a mixed mode of development. As suggested by the 'root method', the spiral returns to its initial position (in relation to its main axis of rotation) after each full cycle. The fact that this initial position is the same only in relation to the main axis of rotation is irrelevant, for Lindblom does not assume that "to start completely from the ground up" means to ignore the additional knowledge that becomes available as time goes on. Like the 'branch method' the spiral development is an incremental approach. Progress made within the spiral process is possible only when experience is successfully embodied in the decision maker's operative theory of the relevant environment. For as long as experience is unassimilated, the policy process enters a static orbit without making progress. The theoretical and intuitive explanation of this point may be grasped by a brief consideration of the two aspects of scientific cumulation.

Dina Zinnes differentiates between additive cumulation and integrative cumulation (1974:3-4). Zinnes says, "by additive cumulation I mean that one study adds some additional information" (1974:3). To illustrate this she refers to the possibility to "analyse the alliance formation process with a Poisson model and in that study refer to Liska's (1962) previous work on alliance" (1974: 3). The additive cumulation results in this case from constant returns to the initial point with an attempt to redefine or to redescribe a phenomenon on the basis of accumulated knowledge. This, in my opinion, corresponds to the essence of the root method. Integrative cumulation results according to Zinnes when "a study ties together and explains a set of research findings" (1974:4). Zinnes illustrates this kind of cumulation by a reference to a hypothetical example. She suggests that when postulating certain assumptions about the foreign policy decision process one may logically conclude that variables identified in previous studies must be related under certain conditions (1974:4). The integrative cumulation in that example results from a research strategy that is similar to the 'branch method'. That is studies are built upon one another in a step-by-step fashion to allow for progress by their consecutive development. The gradual, cumulative, process of the spiral is very significant. Since incrementalism per se does not enable the analyst to detect unnecessary deviations from the main issue—the

axis of development—the branch method may lead to unnecessary and costly dead-ends, sideways and detours. Therefore, incrementalism as a philosophy of research (but not as an attribute of a spiral development) may be the longer way to achieve a goal. The spiral development however brings in a circular movement and assures that the development will remain around the same axis of rotation. The spiral perspective monitors the development of theory and policy around a constant axis which is a value or a goal. The incremental approach does not look for that constant axis, i.e., the axis of rotation around which the policy develops. In other words, the perspective of the policy-making process keeps one main issue in focus while the incremental approach (that does not follow a spiral development) may change focus. As a result of a change in the incremental focus, policy-making may develop into symbolic policy, making, i.e., a policy-making process that uses symbols like majority rule and rituals like 'general debate' to camouflage the inability to treat a policy problem substantially as documented in Miron Aronoff's study of the labor party in Israel (1977). As such, incrementalism is only one attribute of a spiral development of the policy-making process. From the spiral perspective both the 'branch' and the 'root' methods characterise the development of the policy. The 'branch method' characterises the development of each cycle of policy-making process and the 'root' characterises the results of each cycle. The spiral perspective assumes that there is a sense of direction to the momentum that is generated by the additive accumulation of knowledge without giving up the centrality of one constant point (goal or a value) as the main axis of development. This point would become more evident after a brief consideration of the way a policy develops.

#### HOW DOES A POLICY DEVELOP?

If one assumes that a policy develops incrementally, one must assume a continuity of some sort. The continuity between each two decisions does not mean necessarily that the trend of the development is linear. Policy decisions may have a circular interrelation among themselves. This relation exists when the interrelations of nonconsecutive decisions within the same policy-making process are examined. For example, this circular relationship exists when a Presidential decision that starts a Congressional action generates a public reaction and a Supreme Court decision that results in a new Presidential decision. Roosevelt's modification of his NRA proposal after it was upheld by the Supreme Court and President Carter's agreement with the Court ruling to restrict the use of federal money for elective abortions are cases in point. The incremental and circular development of policy-making, can be called after Louis Guttman a circumplex (Guttman 1954). In this model, the policy maker returns to the initial point of the policy after a certain number of stages in the policy development. As he comes back to this point the policy maker evaluates the initial assumptions, problem definition, the alternatives

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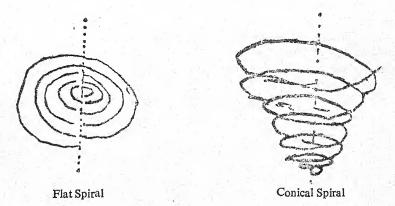
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that were considered and the relative merit of the choice that was made. This he does in view of the added insight and knowledge he has gained since he first started to deal with the policy. The analysis can be useful only if the initial decision is not binding, so that subsequent decisions can differ from the initial one. The novelty of a new decision arises therefore only from comparing it to the previous one. Therefore, the novelty of a new decision is a function of the previous one. It is not difficult to see that this is exactly how the spiral develops from one cycle to the other. However, this still does not show how the factors that influence the substantive development of the policy influences also its spiral development.

## SPIRAL DEVELOPMENT AND THE POLICY-MAKING PROCESS

The descriptive and explanatory value of the spiral perspective is especially important in order to incorporate the dynamics of the policy-making process into the analysis of its final product—the actual policy under consideration. This incorporation becomes possible especially when the flat spiral that describes the substantive development of a policy can be matched with the conical spiral that describes the direction of the policy flow from top down or from the bottom of the policy-making hierarchy up.



The flat spiral gives a bird's eye view of the development of the policy around its central axis of rotation. It accounts for the evolution of the policy as one that contracts in towards a central issue or as one that expands, to include more elements of the policy environment as elements of the policy itself. For example, when a policy concerning the welfare of children emerges from a policy that deals with family, the flat spiral would reveal a contracting trend from the wider issue to the more specific one. If on the other hand the policy that deals with the welfare of the child would develop from a limited policy on medical care to a more comprehensive policy that considers nutrition questions, physical fitness, etc., the flat spiral would show a policy that expands out from its centre (i.e., from its axis of rotation) out.

In each case, the relevant conical spiral would show a 3 dimension view of the policy-making process. The conical spiral describes how the policy develops from cycle to cycle as it is contracting in or expanding out. The conical spiral relates the policy-making process to the levels of the hierarchy and the different 'policy arena' as Theodore Lowi calls "these areas of policy or government activity that constitute real arenas of power in that they develop their own characteristic political structure, political process, elites, and group relation" (1964:689). The conical spiral tells what the crucial stages in the development of the policy are by revealing the significant changes in the horizontal and vertical dimensions of the spiral as it develops. Policy-making can start at the bottom of the policy-making hierarchy, at the bureau-cratic level entrusted with the implementation of the policy. In this case, a problem that arises from carrying out previous policies is sent up the hierarchy as a request for instructions or information from higher echelons. In some cases a problem may be sent up the hierarchy for actual decision.

The policy-making process can start also from the bottom of the hierarchy. In this case the flow of information up the hierarchy enables top decision makers to define an issue and to decide on the goals and the means for dealing with it (Robinson 1963:3). For example, accumulated reports on the poor health, poor school achievements, poor economic activities, etc., in a particular district may bring a top policy maker to feel the need for action. He may contemplate an areal policy (Froman 1967:104) that would deal with all the problems of that area in an integrated way or he may identify the reason(s) and attempt to deal with it. In each case the initiative for making this decision is his, while in the previous case the initiative for decisionmaking was with his subordinates who ask for his decisions or informed him about it for nominal approval. To identify the development of the policymaking process up or down the hierarchy of decision-making is not enough. In order to examine the development of the process there is also a need to consider the internal relation between the individual decisions that constitute the process, as it develops, from one hierarchical level to the other. Here there are also two possibilities. Decisions can be derived from a central—a principal—decision. Or, they can lead to the making of a major decision. Thus it is possible to think about four spiral models of policy development according to the direction of the policy-making process-from the bottom up or from the top down-and according to whether it is expanding from a central decision or contracting towards a central decision.

#### Model 1

This model refers to a policy that started at the top of the decision-making hierarchy in a series of decisions concerning a broad issue. These decisions together constitute a basic policy. This policy evolves as a result of

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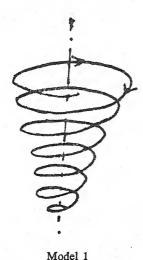
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the cumulative process. As the process develops down the hierarchy these principal decisions are translated into concrete decisions about programmes and projects.

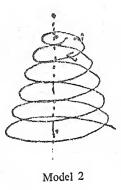


Finally at the end of the policy-making process there is a single goal that is sought by the implementation of a very specific programme. For example, the policy on day care programmes consisted of several top level decisions. These decisions include the 1967 amended Social Security Act and the Economic Opportunity Act of 1964, and its 1967 amendment. The implementation of the policy decisions that are expressed in these actions is shared by no fewerthan five federal agencies. Each of these agencies translates the general policy into an actual programme that is geared to achieve a very specific and concrete goal. Thus there is a connection between the Head Start and its adjunct Parent and Child Centre operated under the Economic Opportunity Act and the day care centres operated by the Social Rehabilitation Service and the Department of Labor (Work Incentive to Families with Dependent Children) (Education Year Book 1972-3: 399). What seem to be independent and specific policies at the lowest level of decision-making, at the end of the implementation process are therefore different aspects of the implementation of that policy. In each case the differentiation between the different aspects or parts of the policy occurs as the policy goes down the line of implementation.

Model 2

Like model number 1, the policy-making process in model number 2,

starts at the top. However, unlike it, the policy starts in this case with a single but a principal decision. As this decision goes down the hierarchy for implementation, it develops into a series of sub-decisions concerning a whole range of issues.



Usually the initial decision that starts such policy-making processes is procedural. A good example is the Supreme Court decision in the case of Brown vs. Board of Education (1954). This decision influenced more and more implementary decisions as it went down the line of implementation. This is because subsequent decisions concerning education had to be consistent with it.

#### Model 3

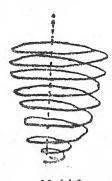
This is the case when the policy process starts at the bottom of the policy-making hierarchy with a very specific question or decision. As the question or the decision is communicated up to the hierarchy for approval, it triggers more and more decisions concerning other issues. Typically this process would occur when an official is facing a problem that calls for a professional judgement or the use of authority that exists in another agency. For example, violation of fishing regulations by a Russian ship may bring the commander of the coast guard ship to ask for a superior decision whether to force the Russian ship into an American harbour. If this happens to be an isolated incident, there would be a whole policy-making process that would involve decisions about the authorities to make such decisions about the Russian ship, the interrelations and division of labour and jurisdictions between different departments, and finally a whole series of questions concerning the U.S. policy regarding the whole issue of fishing near its coast and its relations with Russia.

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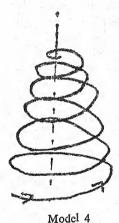
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Model 3

## Model 4

Like the previous case, model 4 deals with the policy-making process that starts at the bottom and moves up the hierarchy. However, in this case the policy emerges from a series of semi-independent decisions at the bottom. These decisions are not integrally related to each other. But after the information about them reaches a central place, it leads to a major decision. This decision confirms post hoc each of these decisions, modify or cancel some of



them and establishes new guidelines. This central place that constitutes a clearing house for decisions would be far up the policy-making hierarchy and sometimes right at the top. This is the case for example with the President's decision to announce a disaster area. This announcement results from the necessity of different agencies to get the authorisation to carry out certain activities that are impossible without this decision. In this case, as with model

number 3, the initiative for making this principal decision is lodged at the bottom of the hierarchy. This is the difference also between this model and model number one. For, in model number 1, the higher decision-maker comes forward with the definition of the central issue while in this model he is channelled to make a choice among a limited number of options because the specific demands made on him do not leave him much choice or initiative.

The four models that describe the development of the policy-making process are conical spirals. They describe whether the policy contracts in toward a central decision or out to capture more of the policy context. In addition the conical spiral gives a visual sense of the dynamic of the policymaking process. This impression which is sometimes overlooked in a two dimensional presentation results from the relations between the vertical and horizontal development of the process around a central axis. Therefore, these four models provide a unique analytical potential for policy research. That is, the ability to deal with the substance of a policy and the dynamic of the process by which the policy is made, as a function of its movement up or down the policy-making hierarchy. Theoretically, a reference to these four models suggests that whenever it is possible to portray the development of the policy-making process in the different levels of the policy-making hierarchy, it would also be possible to point to the central axis of rotation—the central issue of factor that influences the different decisions. This, in turn, would enable an even better insight into the policy-making process. An inability to define such a central axis of rotation is even more significant for purposes of policy research. Such inability may indicate the inadequacy of the data concerning the development of the process or the possibility that the policy changed its focus during its development; that is, started as one policy but in the process altered to deal with another issue. As mentioned earlier, such a prospect is especially possible if a simple incremental policy-making model is adopted but it is less likely when a spiral perspective is used. Therefore, we turn now to examine the meaning of the spiral perspective in the context of model on theory development.

#### THE SPIRAL AS THEORETICAL MODEL OF RELATIONSHIPS

The spiral can be seen as a model of the relationships between the different approaches to policy analysis. In the spiral perspective the descriptive-explanatory-prescriptive approaches represent the models of policy analysis that should be used in each stage of the analytical process that generates knowledge of policy-making for its use in policy-making (Lasswell 1971).

According to the spiral perspective the generation of policy related knowledge is a functional activity that is dependent on the kind of the policy

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that is sought. There are different kinds of policy-making, like distributive vs. regulatory policy-making (Lowi 1964), areal vs. segmental policy-making (Froman 1967), procedural vs. substantive (Salisbury 1968: 159). The relevant kind of intelligence is determined by the characteristics of the issue, process, results, participants, etc., e.g., the degree of fragmentation among interest groups and politicians, the novelty of the policy, etc. Therefore, in order to generate this intelligence, each kind of policy-making needs to be presented by a model that describes the policy development and features. Such a model should portray the policy both as a dependent variable, i.e., one that is shaped by structural and environmental forces, and as an independent variable, i.e., one that influences the environment. As Dye (1972:4) says:

"... if we know something about forces shaping public policy and the consequences of specific policies, then we are in a better position to know how individuals, groups or governments can act to achieve their goals."

As this writer sees it, model building for policy-making has a double function. One is to enable the generation of relevant intelligence. The other function is to enable a monitored development and implementation of the policy. That is, the development of the policy is similar to model building and carrying it out is similar to the application of the model. Because of the special relation between model building and policy-making, it is worthwhile to elaborate this point a little more.

Models may take different forms. A model can more or less embrace a particular context depending on its purposes; e.g., an economic model may deal with monetary problems alone or with the whole economic system. Similarly, a model may be more detailed or more general. However, in each case, the model springs from a number of basic assumptions. These assumptions are derived from former experiences and are related to the contextual definition of reality and identification of the nature of the different issues within it. Different factors influence the creation of these assumptions. These factors are connected to psychological characteristics of individuals, their thinking patterns and cognitive development. Discussion of all these is beyond the scope of this paper. For our purpose, the important task is to discover how to validate these assumptions. The usual approach is to ask whether in each case the prescription or prediction that can be rigorously deduced from these assumptions can be confronted with a true empirical test (Bower 1968:105). This approach is in line with the incremental—the branch method of decision-making. It builds on the 'current situation' that is expressed in and by the assumptions. It enables the analyst to improve the derivation of prescription or prediction from a given set of assumptions but it does not intend to challenge them. For challenging these assumptions is to challenge the beliefs,

ideologies, values, thinking habits and the relevancy of past experience. In short, this is to defy everything and to be ready to 'start from fundamentals anew' as suggested by the non-incremental or the 'root method'.

### EXPLANATION, PREDICTION AND PRESCRIPTION

For a policy analyst, progress means a change and departure from past practices and structures for the betterment of living conditions. The policy analyst is always expected to propose suggestions for ways to deal with a prescribed problem on the basis of accurate explanations, *i.e.*, to use knowledge in order to control empirical outcomes. An explanation is not complete unless it could have functioned as a prediction (Fay 1975:34). But prediction is only one element in anticipating the course of events. A policy is based not only on the explanation of identified factors and predictions about the possible influence on the future course of events, but also on the measures taken to manipulate these factors in a desired direction. These planned manipulations result from policy prescriptions. These are predictions in their own merit in the sense that they suggest that certain (desired) events may occur as a result of particular actions.

The introduction of change as prescribed by the analysis becomes the means by which to gain a better explanation. Change (or innovation) puts to test the accuracy of the initial description and the validity of the explanation. It facilitates their refinement and thus enables better prescriptions. The spiral development of policies, because of the more refined explanation, rules out the possibility that the iteration process of the movement around the central axis of rotation creates a closed tautological circuit that leads nowhere. Instead, the spiral in which explanation follows description, to lay the ground for prediction and prescription (i.e., the anticipation of the course of events and the attempt to influence it by the introduction of change) assumes development.

Some criticism, levelled at prescriptive policy analysis, questions its value. This criticism assumes the existence of an inescapable contradiction because analysis is the product of science, and science is not and cannot be prescriptive. (Feldman 1975:269). According to this criticism the problem for the political (or policy) scientist is not how to make someone else's policy succeed, or how to cushion its failure, but rather to identify the policy, to determine its origins and to appreciate it both on its own terms and in terms of the whole political system (Feldman 1975:271).

On the basis of the previous discussion, it can be shown that the value of a policy analysis cannot be completely determined unless it is put to test. The test of merit is a test of the ability to predict the course of events—to

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illuminate and explain each of the factors that influence reality and how they relate to other factors. To identify a policy, to determine its origin, to appreciate or to compare it with other policies, is to deal with description and explanation. To stop the analysis at this stage is, on the one hand, to evade the need to put the knowledge that is claimed to be gathered to test, and thus, to leave its scientific value questionable. On the other hand, to stop analysis at this stage indicates a deliberate disregard of the normative and general goals of policy analysis.

The implication for policy analysis is that the quality of policy prescription and the ability to recommend preferred courses of action is a function of the description, explanation and prediction of the course of events. If these are pursued by political scientists who are aware of the descriptive, explanatory and predictive power of the knowledge that exists within the other social sciences, the theoretical limits on policy prescription approach the constraints of the descriptive and explanatory powers of the social sciences. However, the practical limitations on policy prescription, result from inefficient dissemination, assimilation and synthesis of existing knowledge within the social sciences. The quality of policy prescription depends, therefore, on the ability to improve the utilisation of knowledge. One way of doing that is to discover the need for accurate description and explanation of ongoing processes. The spiral perspective that assumes the existence of a central axis of rotation and particular models of development around it may help the analyst to define the right questions concerning the kind of intelligence still needed to describe or explain the development of the spiral. This point would become more self-evident when considered with Dye's deliberation about the ability of political science to be prescriptive but still maintain its commitment to systematic social sciences.

Improvement of policy prescription may result therefore from improved policy description and explanation that, in turn, is dependent on a more efficient utilisation of existing knowledge. The spiral perspective or model of the policy-making process offers such an opportunity because of the following reasons:

- (a) The model deals with the policy-making process both as a static and as a dynamic phenomenon. That is, it explains and attempts to provide a basis for prescription by description on explanation and prediction of the policy, as it develops substantively and as it moves up or down the policy-making hierarchy.
- (b) The model considers the policy-making process within this context and explores the changes in the contextual framework of the process as the process develops. This is, it portrays its evolution as it develops from its axis

of rotation out to include more of the environment into the policy or, as it concentrates and narrows in, as it contracts in towards its axis of rotation to leave out more and more aspects as environmental-contextual elements that are considered but not manipulated directly by the policy at stake.

- (c) The model assumes continuity, but it does not restrict it to linear continuity. In addition, the model suggests to examine each phase of the policy-making process not only in relation to the adjacent (presiding and subsequent) stages but also to the central axis of rotation. By the use of such comparisons the model suggests a possible way by which to identify when a new policy is evolving from existing policy.
- (d) The model suggests a systematic approach to the analysis of public policies. This systematisation is a result of the attempt to describe and to explain the preceding and subsequent policy states along with the simultaneous changes in the environment and in the central axis of rotation. The need to have a careful description and explanation of the relevant environment(s). and the entity that constitutes the axis of rotation as a prior to the analysis. help systematise the analytical process. The questions that have to be posed and answered in order to find out and define the central axis of rotation, the relevant environment(s) and the changes that occur in them as the policy processes develops necessitates a continuous effort to find, to mobilise and to use efficiently policy related knowledge. This in turn may provide a sound basis for policy prescription. The use of the spiral model for purposes of policy prescription is, therefore, in line with the attempt to base it on a solid ground by way of systematising it. Thus the possible conflict or contradiction between systematisation and policy prescription that bothered Thomas Dye is ruled out for the general case of the social sciences. As for the particular case of political science, the answer seems to depend on the way the discipline is defined a matter that is subject many times to institutional rather than to substantive considerations.

# Public Policy and Performance of State Public Enterprises—A Comparative Study

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## G. Venkatswamy

In this article, an attempt has been made to study the State public sector undertakings. Many studies have been done on Central enterprises by individual researchers, independent institutions and government bodies. But studies on State public enterprises have been conspicuous by their negligible number. During the quarter century of planning in India, public enterprises have assumed great importance in the Indian economy, even though the State public enterprises have not grown to the same extent as the Central public enterprises during the period. Nonetheless they too have recorded substantial growth. "The State Government undertakings are about two and half times the number of Central Government undertakings. The total paid-up capital investment of the State Governments in government companies in 1966-67 aggregated to Rs. 104 crores, against that of the Central Government companies amounting to Rs. 1,270 crores and, out of the Rs. 104 crores, Rs. 91 crores were in 151 government companies formed by the State Governments on their own initiative". I Of late, nearly 250 public undertakings are functioning under the various State Governments.<sup>2</sup> It has been estimated that by 1978, the public sector would have a cumulative investment of about Rs. 8.300 crores against Rs. 5,200 crores in the private sector. In view of this, the study of these undertakings is of topical interest.

The objectives of the study are to examine the policy of the government for setting up these enterprises at the State level; their investment, forms and preferences, and the relative financial performance of the enterprises in Andhra Pradesh, Karnataka and Kerala have been discussed. While discussing the problems, suggestions have been made for the overall improvement of these enterprises.

<sup>2</sup>Number of State enterprises in different States, see Appendix I.

<sup>&</sup>lt;sup>1</sup>Raj, K. Nigam, "The Public Sector in India—A Survey", Ed. Vadilal Dagli, Vora & Co. Publications (P) Ltd., Bombay-2, 1969, p. 207.

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#### SCOPE AND METHODOLOGY

The study is confined to State public enterprises in Andhra Pradesh, Karnataka and Kerala, in other words, those enterprises where the State Governments have invested 51 per cent or more share capital and enterprises which are covered by the Comptroller and Auditor-General of India (CAG).<sup>3</sup> The enterprises in which the State Governments have invested substantially (more than Rs. 10 lakhs) but which are not subject to audit by the CAG are excluded from the study.<sup>4</sup> The enterprises studied are mostly organised as government companies/public corporations. The departmental undertakings are excluded.

It is not the purpose here to say in which State the enterprises are more efficient, because they differ in size, investment, nature and number; nor is it a case study of inter-enterprise comparison. In order to maintain uniformity in comparison, the top ten enterprises in these States have been taken up. Their investment, profits, losses, are the criteria for comparison. As data is not within reach, other aspects like welfare measures, township, employment, etc., have not been studied for comparison.

#### PERIOD AND SOURCE OF DATA

In contrast to Central Government undertakings for which data is available in official reports published every year, information on State Government undertakings is neither adequate nor easily accessible. This is a serious limitation in making a comprehensive or aggregate study of the scope, finances, and performance of these undertakings giving any such study an all-India orientation that would facilitate comparison of their working with Central Government undertakings or even at inter-State level for contiguous States.

The comparative performance of the undertakings in this article is for the financial year 1975-76. The reports of the CAG, the Committee on Public Undertakings and the annual reports of individual State Public enterprises of Andhra Pradesh, Karnataka and Kerala have been useful. Certain adjustments have had to be made to bring out uniformity in the collection and tabulation of data.

<sup>&</sup>lt;sup>3</sup>CAG is authorised to conduct audit under section 619(3)(b) of Companies Act, 1956. <sup>4</sup>Andhra Pradesh: the Vazir Sultan Tobacco Co. Ltd. (28.66); the Associated Cement Co. Ltd. (35.16); the Sirpur Paper Mills. Ltd. (84.86). Karnataka: the Mysore Cements Ltd. (23.46); the Mysore Paper Mills Ltd. (14.50); the Tata Engineering & Locomotive Co. Ltd. (10.82). Kerala: Punalur Paper Mills Ltd. (13.27); the Travancore Rayons Ltd. (35.63); the Indian Aluminium Co. Ltd. (21.20); the Premier Tyres Ltd. (60.00); the Parry & Co. Ltd. (13.50); the Madura Coats Ltd. (19.97); the Apollo Tyres Ltd. (25.00). (Figures in the brackets are Rupees lakhs).

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#### PUBLIC POLICY

Viewed from the national context, the role of the State Governments in India appears to be segmental in the total process of economic administration. While it is axiomatic that for various considerations the Central Government has a definite role to play, the legitimate place of the State Governments is to be rightly appreciated. While the Central Government has every right to indicate, formulate and even to finance the enterprises, their actual management and operation fall under the State sphere of activity. Their efficacy and efficiency are dependent upon the attitudes adopted by, and encouragement given to these enterprises by the State Governments. Therefore, it seems to be worthwhile to go a little into the rationale of the public sector, not as an apology or as a defence of it, but to understand specifically the policy of the government and the purpose for which these State enterprises are created. The rationale for setting up these enterprises goes back to the Industrial Policy Resolution, 1948, of the Government of India. This resolution clearly demarcates areas in which State undertakings will progressively play a dominant part. This was embodied in the Industrial Policy Resolution of 1956 which states:

"The adoption of the socialistic pattern of society as the national objective, as well as the need for planned and rapid development require that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector. Other industries which are essential and require investment on a scale which only the State, in present circumstances could provide, have also to be in the public sector."

Such industries as are of strategic importance for the defence development of the country, basic industries like iron and steel, heavy machine building, heavy electrical equipment, ship-building and electricity are reserved for the public sector. In certain other areas such as machine tools, basic and intermediate products for chemical industries, fertilisers, certain non-ferrous metals like aluminium, road transport, etc., both the public and private sectors can operate. The remaining field is generally left to the private sector though the State would also participate, if necessary. For quite some time, there has been a demand for a revision of the Industrial Policy Resolution of 1956. The Government of India announced certain modifications in 1970 and 1973. The most important change is the formation of joint-sector industries, *i.e.*, units which have been set up and managed jointly by the government and private industrial houses.

Since the inception of the five year plans, repeated emphasis is given for expansion of public enterprises under government control and ownership.

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For instance, the Fourth Plan categorically asserts that the public sector is to have the commanding heights in the production and distribution of basic and consumer goods. Similarly, the draft Sixth Plan (1978-83) has emphasised that public sector operations should steer the distribution of essential commodities, infrastructure facilities and social services in favour of low income consumers.

Now the spectrum of public sector undertakings covers almost all sectors of the economy, *i.e.*, agriculture, commerce and industry, finance and banking, education and research, public utilities and cultural and social affairs.

The policy of the Government of India vis-a-vis the objectives and goals of the public sector sought to be achieved are: (i) to provide the infrastructure for promoting a balanced and diversified economic growth; (ii) to promote self-reliance in strategic areas; (iii) to reduce regional imbalances; (iv) to prevent concentration of economic power in the hands of few individuals; (v) to increase employment opportunities; (vi) to help the economically weaker sections of society to achieve a high standard of living; (vii) to generate surpluses for reinvestment by the State to accelerate development; (viii) to implement social control of trade or industry where government considers this to be essential for ensuring equitable distribution or the general well-being; and (x) to serve other socio-economic needs as may arise from time to time.

As far as the setting up of State Government enterprises is concerned, there is neither a separate policy as in the case of Central enterprises, nor a separate Act (like the Public Enterprises Act) for the purpose. It is true that the State Governments have followed the policy of the Central Government in setting up State enterprises. Now the time has come to rethink about the organisation, expansion and areas of operation for State Government enterprises in view of the increasing number and extension of these enterprises and in view of the Janata Government's announced policy of rural development.

## INVESTMENT, FORMS AND PREFERENCE

Table 1 gives an idea of the investment made in the top ten enterprises in the three States. Andhra Pradesh tops the list with an investment of Rs. 570 crores followed by Karnataka and Kerala with Rs. 557 crores and Rs. 335 crores, respectively. Taking individual enterprise investment, the Andhra Pradesh State Electricity Board leads followed by the Kerala State Electricity Board and the Mysore Power Corporation Ltd.

Table 2 shows that there are 151 State public sector undertakings in the

\*for the year 1974-75.

included.

TABLE 1

Investment in Top Ten State Public Sector Undertakings in Andhra Pradesh, Karnataka and Kerala

| Investment Per cent   Undertaking   Investment Per cent invest-   Investment Per cent invest-   Investment   Per cent invest-   Invest   |                                      |                           |                                         |                                     |                           |                                         | The state of the s |                           |                           |
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| 40976.12 71.82 Mysore Power Corpn. Ltd. 21756.89 39.04 6257.95 11.00 Karnataka SEB 21232.56 38.10 4844.17 8.48 Visvesvaraya Steel Ltd. 5563.39 9.98 d. 1670.69 2.92 Karnataka State Road 3175.87 5.70 Tra. Corpn. 729.42 1.28 NGEF Ltd. 1471.67 2.64 655.09 1.15 Karnataka Agro-Ind. 907.88 1.63 Corpn. Ltd. 479.53 0.86 Ltd. 550.75 0.97 Mysore Sugar Co. Ltd. 479.53 0.86 Ltd. v. 446.00 0.78 Radio & Ele. Mfg. Co. Ltd. 456.07 0.38 Ltd. Ltd. Ltd. 456.07 0.38 Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                      | Investment<br>(Rs. lakhs) | Per cent<br>to total<br>invest-<br>ment | Undertaking                         | Investment<br>(Rs. lakhs) | Per cent<br>to total<br>invest-<br>ment | Undertaking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Investment<br>(Rs. lakhs) | Per cent to total invest- |
| 6257.95 11.00 Karnataka SEB 21232.56 38.10 4844.17 8.48 Visvesvaraya Steel Ltd. 5563.39 9.98 d. 1670.69 2.92 Karnataka State Road 3175.87 5.70 Tra. Corpn. 729.42 1.28 NGEF Ltd. 1471.67 2.64 655.09 1.15 Karnataka Agro-Ind. 907.88 1.63 Corpn. Ltd. 479.53 0.86 1.63 Ltd. 446.00 0.78 Radio & Ele. Mfg. Co. Ltd. 456.07 0.82 1.00 0.78 Radio & Ele. Mfg. Co. Ltd. 456.07 0.82 Ltd. 140.00 0.78 Radio & Ele. Mfg. Co. Ltd. 150.03 1.00 0.38 1.32 0.67 Chitradurga Copper Co. 214.50 0.38 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1.10 0.00 1. | APSEB                                | 40976,12                  | 71.82                                   | Mysore Power Corpn. Ltd.            | 21756.89                  | 39.04                                   | Kerala State Elec. Board                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 26077.70                  | 5.93                      |
| d. 1670.69 2.92 Karnataka State Road 3175.87 5.70 Tra. Corpn. 729.42 1.28 NGEF Ltd. 1471.67 2.64 655.09 1.15 Karnataka Agro-Ind. 907.88 1.63 Corpn. Ltd. 479.53 0.86 550.75 0.97 Mysore Sugar Co. Ltd. 479.53 0.86 Ltd. v. 446.00 0.78 Radio & Ele. Mfg. Co. Ltd. 456.07 0.82 381.32 0.67 Chitradurga Copper Co. 214.50 0.38 Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | APSRTC                               | 6257.95                   | 11,00                                   | Karnataka SEB                       | 21232,56                  | 38,10                                   | Kerala SRTC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1987.16                   | 5.93                      |
| 2.92 Karnataka State Road       3175.87       5.70         Tra. Corpn.       1.28 NGBF Ltd.       1471.67       2.64         1.15 Karnataka Agro-Ind.       907.88       1.63         Corpn. Ltd.       479.53       0.86         0.97 Mysore Sugar Co. Ltd.       479.53       0.86         0.93 The Hutti Gold Mines Co.       472.31       0.85         0.78 Radio & Ele. Mfg. Co. Ltd.       456.07       0.82         0.67 Chitradurga Copper Co.       214.50       0.38         Ltd.       Ltd.       0.38                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Singareni Collieries Ltd.            | 4844.17                   | 8.48                                    | Visvesvaraya Steel Ltd.             | 5563,39                   | 96.6                                    | The Travancore Cochin Che. Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1590,21                   | 4.75                      |
| 729.42 1.28 NGEF Ltd. 1471.67 2.64 655.09 1.15 Karnataka Agro-Ind. 907.88 1.63 Corpn. Ltd. 550.75 0.97 Mysore Sugar Co. Ltd. 479.53 0.86 td. 531.51 0.93 The Hutti Gold Mines Co. 472.31 0.85 Ltd. 146.00 0.78 Radio & Ele. Mfg. Co. Ltd. 456.07 0.82 381.32 0.67 Chitradurga Copper Co. 214.50 0.38 Ltd. 100.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | AP Ind. Dev. Corpn. Ltd              | . 1670,69                 | 2.92                                    | Karnataka State Road<br>Tra. Corpn. | 3175.87                   | 5.70                                    | The Plantation Corpn.<br>Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 863.41                    | 2.58                      |
| 655.09 1.15 Karnataka Agro-Ind. 907.88 1.63 Corpn. Ltd. 479.53 0.86 531.51 0.93 The Hutti Gold Mines Co. 472.31 0.85 Ltd. 446.00 0.78 Radio & Ele. Mfg. Co. Ltd. 456.07 0.82 381.32 0.67 Chitradurga Copper Co. 214.50 0.38 Ltd. Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Nizam Sugar Factory<br>Ltd.          | 729.42                    | 1.28                                    | NGEF Ltd.                           | 1471.67                   | 2.64                                    | Travancore Titanium<br>Products Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 829.91                    | 2.48                      |
| 550.75 0.97 Mysore Sugar Co. Ltd. 479.53 0.86 531.51 0.93 The Hutti Gold Mines Co. 472.31 0.85 Ltd. 446.00 0.78 Radio & Ele. Mfg. Co. Ltd. 456.07 0.82 381.32 0.67 Chitradurga Copper Co. 214.50 0.38 Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | AP State Agro-Ind.<br>Corpn. Ltd.    | 625.09                    | 1.15                                    | Karnataka Agro-Ind.<br>Corpn. Ltd.  | 907.88                    | 1.63                                    | Kerala Shipping Corpn.<br>Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 658.97                    | 1.97                      |
| 531.51 0.93 The Hutti Gold Mines Co. 472.31 0.85 Ltd. 446.00 0.78 Radio & Ele. Mfg. Co. Ltd. 456.07 0.82 381.32 0.67 Chitradurga Copper Co. 214.50 0.38 Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | AP State Cons.<br>Corpn. Ltd.        | 550.75                    | 0.97                                    | Mysore Sugar Co. Ltd.               | 479.53                    | 0.86                                    | Transformers & Ele.<br>Kerala Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 506,29                    | 1.51                      |
| Dev. 446.00 0.78 Radio & Ele. Mfg. Co. Ltd. 456.07 0.82 381.32 0.67 Chitradurga Copper Co. 214.50 0.38 Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Republic Forge Co. Ltd.              | 531,51                    | 0.93                                    | The Hutti Gold Mines Co.<br>Ltd.    | 472.31                    | 0.85                                    | Kerala Fisheries Corpn.<br>Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 399.88                    | 1.19                      |
| 381,32 0.67 Chitradurga Copper Co. 214,50 0.38 Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | AP Small Scale Ind. Dev. Corpn. Ltd. |                           | 0.78                                    | Radio & Ele. Mfg. Co. Ltd.          |                           | 0.82                                    | Kerala State Electronics<br>Dev. Corpn. Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 324.19                    | 0.97                      |
| 57003 62 100 00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | *Indo-Nippon Prec.<br>Bearing Ltd.   | 381,32                    | 19.0                                    | Chitradurga Copper Co.<br>Ltd.      | 214.50                    | 0.38                                    | Kerala Agro-Indust.<br>Corpn. Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 271 .02                   | 0.81                      |
| 70.C+0/C                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Total                                | 57043.62                  | 100.00                                  |                                     | 55730,67                  | 100.00                                  | ~ .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 33508.74 100.00           | 100.00                    |

three States together as of March 1976. There are 126 companies, 13 departmental undertakings and 12 public corporations. As per information available, in the number of enterprises, Kerala (62) comes first, followed by Karnataka (46) and Andhra Pradesh (43). There are 58 companies in Kerala, 37 in Karnataka and 31 in Andhra Pradesh. There are four public corporations/boards in each State. Mostly, they are organised as public utility concerns and/or financial corporations. The number of departmental undertakings are 8 in Andhra Pradesh and 5 in Karnataka. This information is not available for Kerala. Of the departmentally run enterprises, and Government Text Book Press, the Life Insurance Department and the Government Distilleries in Andhra Pradesh and the Government Electric Factory, Government Sandal Oil Factory in Karnataka are prominent examples.

TABLE 2

Forms of State Public Enterprises in Andhra Pradesh, Karnataka
and Kerala

| State          | Departmental<br>Undertakings | Government<br>Companies | Corporations/<br>Boards | Total |
|----------------|------------------------------|-------------------------|-------------------------|-------|
| Andhra Pradesh | 8                            | 31                      | 4                       | 43    |
| Karnataka      | 5                            | (10)                    | 4                       | 46    |
| Kerala         | not<br>available             | (10)<br>58<br>(8)       | 4                       | 62    |
| Total          | 13                           | 126<br>(28)             | 12                      | 151   |

Note: Figures in bracket are subsidiary companies.

Further, the Table shows that most of the State public enterprises in the three States are joint stock companies. In these States, besides departmentally run enterprises, company and corporation forms of public enterprises are also important.<sup>5</sup> As pointed out earlier the biggest public sector undertakings

<sup>&</sup>lt;sup>5</sup>For details see author's Profile of Public Enterprises in Andhra Pradesh, *Indian Journal of Commerce*, June, 1978.

—from the view point of employment of resources in men and money—are the AP State Electricity Board in Andhra Pradesh, the Mysore Power Corporation Ltd. in Karnataka and the Kerala State Electricity Board in Kerala. It may be noted that government company form is the dominant and popular form of organisation in State public enterprises in the three States. This is in conformity with the general pattern and preference for company form adopted at the Central level and it is perhaps influenced by the Central public enterprise pattern.

It may be noted that the word 'corporation' may give a deceptive look of a statutory corporation to a joint stock company. The AP Industrial Development Corp., the Karnataka Agro-Industries Corpn., the Kerala State Electronics Development Corpn. are, for example, companies registered under the Companies Act. Further, all the statutory corporations do not use, the word 'corporation' as part of their name. For example, Air India and Indian Airlines have dropped this word which once formed part of their names, and in Oil & Natural Gas Commission, this term has been replaced by 'Commission'.

#### PERFORMANCE

There are some enterprises which declared dividend in the financial year 1975-76. In Karnataka out of the 18 companies which made profit during the year, five (including two subsidiaries) declared dividend amounting to Rs. 72.42 lakhs representing 8.9 per cent of their aggregate paid-up capital of Rs. 867.88 lakhs. Those which declared dividend are the Hutti Gold Mines Company Ltd., the NGEF Ltd., the Mysore Minerals Ltd., the Mysore Sales International Ltd., and the Marketing Consultants and Agencies Ltd. The dividend amount declared was between Rs. 0.06 to Rs. 60.00 lakhs. Similarly, in Kerala out of 18 companies (excluding 5 subsidiaries) which earned profit totalling Rs. 234,28 lakhs, 4 declared dividend of Rs. 39.92 lakhs. These are: the Kerala State Financial Enterprises Ltd., the Kerala Urban Development Finance Corporation Ltd., the Kerala State Drugs and Pharmaceuticals Ltd. and the Transformers and Electricals, Kerala, Ltd. The dividend amount varied between Rs. 0.37 lakhs to Rs. 1.80 lakhs. In Andhra Pradesh, as per information available in the CAG report, though some enterprises made profit, no enterprise declared dividend during the year under study.

Table 3 gives the total profit made by the top ten individual undertakings in each State. The total profit during the year under study (1975-76) was Rs. 15.87 crores in Karnataka, Rs. 12.22 crores in Andhra Pradesh and 3.43 crores in Kerala. The percentage of profit on capital employed in individual enterprises was the highest in the Nizam Sugar Factory (19.2 per cent) followed by the Republic Forge Co. (18.3 per cent) and the Indo-Nippon Precision

Top Ten Profit Making State Public Enterprises in Andhra Pradesh, Karnataka and Kerala, 1975-76 TABLE 3

| Andlıra                                                     | Pradesh               | = y,                |                       | Kar                                                         | Karnataka             |                        |                     | Kerala                          | ala                   |                     |                            |
|-------------------------------------------------------------|-----------------------|---------------------|-----------------------|-------------------------------------------------------------|-----------------------|------------------------|---------------------|---------------------------------|-----------------------|---------------------|----------------------------|
|                                                             | Profit (Rs. lakhs)    | Per Per cent of RCE | Per<br>cent of<br>RCE |                                                             | Profit (Rs. clakhs)   | Per<br>cent of<br>RCI  | Per Per cent of RCE |                                 | Profit (Rs. ce takhs) | Per Per cent of RCE | Per<br>cent of<br>RCE      |
| The Singareni Collieries                                    | 381,55 12.1 14.0      | 12.1                | 14.0                  | KSEB                                                        | 377.94                | 9.4 13.4               | 13.4                | KSEB                            | 60.00 2.41            |                     | 3.88                       |
| AP State Road Trans-                                        | 223.69                | 6,4                 | 5.6                   | NGEF Ltd.                                                   | 359.70                | 27.5                   | 25.2                | Transformers and                | 85.96 16.98 14.65     | 16.98               | 14.65                      |
| port Corpn.<br>AP State Elec. Board                         | 208.83                | 4.6                 | 5.6                   | Mysore Power Corpn. 355.32 3.8 4.6                          | 355.32                | 3.8                    | 4.6                 | Kerala Financial                | 55.85                 | 1                   | 8,40                       |
| The Nizam Sugar                                             | 151,19                | 20.7                | 19.2                  | Ltd.<br>VIS Ltd.                                            | 165.38                | 5.5                    | 7.1                 | Plantation Corpn                | 43.53                 | 9.38                | 86.6                       |
| Factory Ltd. AP StateFinancial Corp. AP Industrial Dev.     | pn. 102 .25<br>48 .44 | 5.6                 | 9.5                   | The HGM Co. Ltd.<br>MM Ltd.                                 | 102.26                | 25.5<br>90.3           | 25.3                | KSIDC Ltd. KS Financial         | 21.61                 | 1 1                 | 5.03                       |
| Corpn. Ltd.<br>Indo-Nippon Precision                        | 36.54                 | 12.6                | 14.9                  | KSFC                                                        | 52.08                 | I                      | 7.3                 | KS Small Ind.                   | 17.93                 | 17.88               | 17.88 15.24                |
| B. Ltd.<br>Republic Forge Co. Ltd.<br>AP Mining Corpn. Ltd. | 35.51                 | 9.7<br>7.7          | 18.3<br>10.6          | Mysore Sugar Co. Ltd. 48.52<br>KF Civiles Corpn. Ltd. 17.09 | d. 48.52<br>td. 17.09 | 10.8 13.2<br>52.5 11.7 | 13.2<br>11.7        | Traco Cable Ltd. KS Warehousing | 13.81<br>13.41        | 10.68               | 10.68 12.62<br>12.14 12.83 |
| AP State Warehousing<br>Corpn. Ltd.                         | 14.75                 | 14.1                | 14.9                  | Mysore Sales Inf. Ltd.                                      | 1. 7.14               | 16.8 15.1              | 15.1                | Kerala Mineral & Metals Ltd.    | 12.28                 | 15.40               | 15.40 18.18                |
| Total                                                       | 1221 .75              |                     |                       | ****                                                        | 1586.90               |                        |                     |                                 | 343.00                |                     |                            |

CE represents net fixed assets (excluding capital works-in-progress) plus or minus working capital. CI represents paid-up capital plus long-term loans plus free reserves at the close of the year. RCE = Return on capital employed. RCI = Return on capital invested.

Bearings Ltd. (14.9 per cent) in Andhra Pradesh; the Mysore Minerals and Metals Ltd. (88 per cent) followed by the Hutti Gold Mines Co. Ltd. (25.3 per cent) and the NGEF Ltd. (25.2 per cent) in Karnataka; the Kerala Financial Enterprises (30.3 per cent) followed by the Kerala Minerals and Metals Corpn. Ltd. (18.2 per cent) and the Kerala State Small Industries Corpn. Ltd. (15.2 per cent). Further, the return on capital invested varied between 5 per cent to 7 per cent in Andhra Pradesh, 4 per cent to 53 per cent in Karnataka and 2 per cent to 30 per cent in Kerala. On the whole, the profit position is not remarkable though some enterprises did fairly well. The combined details of the financial performance of all the companies/corporations in the three States can be had from Table 4.

There were many enterprises which incurred loss during 1975-76 in the three States (Table 5). Taking the top ten losing enterprises, the total loss was Rs. 14.33 crores in the three States together. Units in Kerala were losing heavily compared to the other two States—to the extent of Rs. 9 crores, followed by Karnataka (Rs. 4.4 crores) and Andhra Pradesh (Rs. 1.1 crores). The individual units responsible for a major portion of the loss (to the total loss) are the Kerala State Road Transport Corpn. (Rs. 417 lakhs), the Travancore Cochin Chemicals Ltd. (Rs. 134 lakhs), the Kerala Fisheries Corpn. Ltd. (Rs. 77 lakhs) in Kerala; the Karnataka Agro-Industries Corpn. Ltd. (Rs. 141 lakhs), the Karnataka State Road Transport Corpn. (Rs. 130 lakhs) and the Radio Electricals Manufacturing Co. Ltd. (Rs. 68 lakhs) in Karnataka; the AP State Construction Corpn. Ltd. (Rs. 50 lakhs), the AP State Agro-Industries Corpn. Ltd. (Rs. 37 lakhs) and the AP Steels Ltd. (Rs. 14 lakhs) in Andhra Pradesh. If we take all the undertakings into account, there were 47 enterprises (49 per cent) which incurred an aggregate loss to the extent of Rs. 15 crores in the three States. From the point of view of the number of enterprises which incurred loss, it was more in Kerala (22) followed by Karnataka (16) and Andhra Pradesh (9). Further, the number of companies which incurred loss was 45 (including 13 subsidiaries) to the extent of Rs. 9 crores.

Regarding corporations/boards, no undertaking incurred loss in the year under study (1975-76) in Andhra Pradesh, but two corporations, namely, the Karnataka State Road Transport Corpn. (Rs. 130 lakhs) and the Kerala State Road Transport Corpn. (Rs. 416 lakhs) put together incurred a total loss of Rs. 5 crores. There is a need for a study of one causes for the losses, if not all, a few important causes have been analysed and explained below.

Public sector undertakings play an important role in achieving the national objective of economic and social development by balanced regional growth. These units also contribute substantially to the State's economy in which they are located by creating employment opportunities, developing

TABLE 4

Combined Financial Performance of State Public Enterprises in Andhra Pradesh, Karnataka and Kerala, 1975-76

|                                                               | No. of<br>companies | Companies that<br>earned profit<br>(Rs. lakhs) | Companies that incurred loss (Rs. lakhs) | Aggregate<br>profti loss<br>(Rs. lakhs) | Paid up<br>capital<br>(Rs. lakhs)   | Per cent of profit to paid-up capital |
|---------------------------------------------------------------|---------------------|------------------------------------------------|------------------------------------------|-----------------------------------------|-------------------------------------|---------------------------------------|
| Andhra Pradesh<br>Karnataka<br>Kerala                         | 12<br>24<br>36      | 658.11 (8)<br>1168.90 (14)<br>234.28 (18)      | 59.56 (4)<br>252.85 (10)<br>494.63 (18)  | 598.55<br>916.05<br>(—)260.35           | 3798.31<br>12850.60<br>4358.56      | 15.7                                  |
| Total:                                                        | 72                  | 2061,29 (40)                                   | 807.04 (32)                              | 1254.20                                 | 21007.47                            |                                       |
| Subsidiary companies<br>Andhra Pradesh<br>Karnataka<br>Kerala | r 0 v               | 0.37 (2)<br>12.24 (4)<br>2.36 (2)              | 16.34 (5)<br>70.67 (5)<br>13.82 (3)      | (-) 15.97<br>(-) 58.43<br>(-) 5.73      | 175,11<br>191,69<br>111,52          | 411                                   |
| Total:                                                        | 21                  | 14.97 (10)                                     | 100.83 (13)                              | () 80.13                                | 478.32                              |                                       |
| Corporations/Boards<br>Andhra Pradesh<br>Karnataka<br>Kerala  | 444                 | 549.52 (4)<br>438.10 (3)<br>129.26 (3)         | 416.77 (1)<br>129.81 (1)                 | 549.52<br>21.33<br>(—) 0.65             | 35623 ,33<br>21077 ,61<br>27442 ,36 | 15.4                                  |
| Total:                                                        | 12                  | 1116.88 (10)                                   | 546.58 (2)                               | 570.20                                  | 84143.30                            |                                       |
| AV D. Element in Landing in State of                          | 14 3m 42 m 41-      | 1                                              |                                          |                                         |                                     |                                       |

N.B.: Figures in bracket indicate the number of undertakings.

TABLE 5

Top Ten Losing Enterprises in Andhra Pradesh, Karnataka and Kerala, 1975-76

| Andhra Pradesh                                                                       | Loss<br>(Rs. lakhs)  | Karnataka                                                                               | Loss<br>(Rs. lakhs) | Kerala                                                                      | Loss<br>(Rs. lakhs) |
|--------------------------------------------------------------------------------------|----------------------|-----------------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------|---------------------|
| Andhra Pradesh State Construction<br>Corpn. Ltd.                                     | 50.16                | Karnataka Agro-Indus. Corpn.                                                            | 141.30              | Kerala State Road Transport                                                 | 416.77              |
| A.P. State Agro-Indus. Corpn. Ltd.                                                   | 36.66*               | Karnataka State Road Transport<br>Corpn.                                                | 129.81              | Corpn.<br>Travancore Cochin Chem. Ltd.                                      | 134.18              |
| A.P. Steels Ltd. A.P. State Irrigation Development Corpn. Ltd.                       | 13.49                | Radio Electricals Mfg. Co. Ltd.<br>Chitradurga Copper Co. Ltd.                          | 68.18<br>28.89      | Kerala Fisheries Corpn. Ltd.<br>Kerala State Cashew Dev. Corpn.             | 77.45               |
| Sponge Iron India Ltd.                                                               | 1.84                 | Karnataka Agro-Corn. Products                                                           | 22.53               | Ltd.<br>Kerala Electrical & Allied Eng.                                     | 44.42               |
| A.P. Refractories Ltd.                                                               | 0.72                 | Karnataka State Construction                                                            | 19.06               | Co. Ltd.<br>Kerala Ceramics Ltd.                                            | 42.99               |
| A.P. Fisheries Corpn. (P) Ltd.<br>A.P. State Trading Corpn. Ltd.<br>A.P. Rayons Ltd. | 0.45<br>0.41<br>0.28 | Wysore Tobacco Co. Ltd.  Mysore Chrome Tanning Co. Ltd.  Karnataka Fisheries Dev. Comm. | 18.67               | Trivandrum Rubber Works Ltd.<br>Kerala Land Dev. Corp. Ltd.                 | 34.11<br>19.56      |
| A.P. Technocrats Industrial Estate<br>(P) Ltd.                                       | 0.01                 | Ltd. Karnataka State Tourism Dev. Corpn.                                                | 3.49                | State Farming Corpn. of Kerala<br>Ltd.<br>United Electrical Industries Ltd. | 18,46               |
|                                                                                      | 112.56               |                                                                                         | 444.30              |                                                                             | 875.82              |
| *At the end of June, 1974.                                                           |                      |                                                                                         |                     |                                                                             |                     |

infrastructural facilities like power, roads and setting up of social amenities like housing, hospitals, dairies, schools, recreation centres, etc. Though a precise estimate of these benefits is difficult to arrive at, one cannot deny that public sector undertakings contribute significantly to the social welfare of the people of different regions.

Apart from this, most of the State public undertakings have been recently set up and some of them are yet to start production. The AP State Irrigation Development Corpn. Ltd. (September 1974), the AP Technical Industrial Estate (P) Ltd. (March 1975), the AP Refractories Ltd. (March, 1975), the AP Rayons Ltd. (March 1975) in Andhra Pradesh, the Karnataka Fisheries Development Corpn. Ltd. (October 1970), the Karnataka State Forest Industries Corpn. Ltd. (March, 1973), the Karnataka Agro-Corn Products Ltd. (April 1973) in Karnataka and the State Farming Corpn. of Kerala Ltd. (April 1972) and the Kerala Land Development Corpn. Ltd. (December 1972) in Kerala illustrate this point.

However, public enterprises have been under constant attack in the Press, private industry, in Parliament and legislatures. A leading industrialist recently commented: "Public sector undertakings must give adequate return on their investments. The government and politicians harm the commonman's interest when they want to support and sustain public sector enterprises more on their ideological basis than for remunerative operations. It hurts the common-man's interest because not only he pays for their failure but he becomes the victim of ever increasing taxation and inflation."6 The spokesmen for the government and public sector undertakings on the other hand argue that "Public sector undertakings are, no doubt, enjoined to observe business and commercial principles, but it is obvious that profit motive cannot be the overriding factor in their case as it is in private enterprise. For example, in matters such as state trading, location of projects in backward regions or operation of domestic air service on uneconomic routes, public interest rather than profit motive is the deciding factor. Unlike the private sector where profit is the motive force, the main objective in the public sector ought to be public good. Besides promoting and sustaining economic growth, public enterprises should strive to supply the community, products and services of standard quality and at reasonable prices." By itself it should be educative to learn how capital expenditure decisions8 are made for public sector undertakings in accommodating both the commercial and social objectives.

<sup>6</sup>S.L. Kirloskar as reported in *Economic Times*, Bombay, February 26, 1970.

<sup>&</sup>lt;sup>7</sup>ARC Report cited in Public Sector—'Profit vs Social Objectives', Economic Times February 11, 1970.

<sup>&</sup>lt;sup>8</sup>For details see, Raj, A.B.C., Dynamics of Capital Budgeting Decisions of Public Enterprises in India—A Conceptual Framework, Boston, 1972 (mimeographed).

#### PROBLEMS AND SUGGESTIONS

The problems of these enterprises are manifold. They are, the lack of the objective of profitability, the absence of feasibility studies, improper investment policy, delay in commissioning and implementation of production programmes, over capitalisation, high cost of production and poor costing system, under utilisation of capacity, excessive inventories, surplus staff in some enterprises, shortage of financial resources, high interest charges and depreciation, inadequate demand for the products in the market and competition from unorganised units, labour troubles, uneconomic selling prices, power failures, drought conditions and local disturbances.9

There is no proper machinery to study the working of these undertakings when they are growing rapidly, both in terms of number and investment. It would not be improper to quote the Andhra Pradesh Committee on Public Undertakings: "The entire State sector would suffer if there is no machinery to review the working of the public sector undertakings constantly". The Committee feels that "mere enlargement of nationalisation programme will not in any way help unless adequate steps are taken by government to create machinery comprising different types of expertise required—technical, financial—for review and analysis of all aspects of working of public sector undertakings, for critically studying new investment proposals, etc., thus ensuring the government to take adequate steps for their proper functioning". To The CPU of Karnataka is also of the same opinion.

The State Governments have a large financial stake in the public sector undertakings. In view of their rapid expansion, the investment in these undertakings would go up in the future years. It is, therefore, necessary to review the working of these undertakings at various stages—both in construction and production stages. For conducting such reviews, a small body consisting of technical experts like production engineers, management experts, financial experts, etc., should be employed. The Andhra Pradesh CPU<sup>11</sup> has also recommended that the setting up of a small body consisting of persons well versed in the appropriate technical and financial disciplines: (i) to scrutinise the feasibility reports, the project reports, and the proposals for starting new projects; (ii) where a project is under construction, to keep a close watch over the progress of construction both with reference to time limit and financial target, (iii) to obtain and review periodical progress reports from the undertakings regarding their working with a view to ensuring the utilisation of the optimum capacity, fulfilment of targets, etc.; (iv) to conduct studies in

<sup>&</sup>lt;sup>9</sup>For detailed explanation see author's dissertation on Working of State Public Enterprises in Andhra Pradesh, Osmania University, Hyderabad, 1977.

<sup>&</sup>lt;sup>10</sup>CPU Report (Fifth Legislative Assembly), 1972-73, Andhra Pradesh, p. 9.
<sup>11</sup>ibid., p. 10.

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depth of each undertaking with a view to identifying weak spots and advising the State Government about steps to be taken to remedy the defects; and (v) finally, to present a consolidated report to the legislature every year bringing out in a compact form the activities and results of the functioning of the undertakings during the year under report, the areas of weakness noticed, remedial steps taken, etc.

The ultimate owners of public sector undertakings are the public at large. They are not aware of the objectives or the organisational goals, if any, of the State public enterprises. Time has come to spell out a uniform and rational financial policy—such as the rate of return, by the Central Government either for all the State public enterprises or for different classes of enterprises, taking into account their different social objectives, gestation periods, nature and size of the enterprises, etc., so that the managers will have a goal to work for. Secondly, reviewers will have a norm to judge by. Thirdly, consumers will be in a position to judge individual, sectoral and enterprise performances keeping in view their own as well as the nation's interests.

The capital structure of most of the State enterprises is not favourable. The debt-equity ratio in State enterprises in Andhra Pradesh<sup>12</sup> varied considerably between 10.5:1 and 0.02:1. Similarly, it varied between 8.0:1 and 1:1 in Karnataka enterprises.<sup>13</sup> It is not clear as to why these wide variations from the accepted norm of 1:1 have been existing in these enterprises. It is necessary that whenever a departure from the accepted norm of 1:1 is to be allowed, the State Government should examine the debt-equity ratio of each to ensure that there is proper justification for it.

One problem faced by many State enterprises is frequent change of top level management. For instance, in the Mysore Iron & Steel Ltd. there were three managing directors between June 1970 and June 1972, in the Mysore State Agro-Industries Corpn. there were three chairmen between May 1971 and June 1972, in the Mysore State Urban Development Corpn. Ltd. there were three chairmen and three managing directors between December 1970 and 1972. Similarly, in the AP Agro-Industries Corpn. Ltd., there were two managing directors between June 15, 1971 and June 28, 1971. The Karnataka CPU was distressed to note such frequent changes which are not conducive to efficient management. It is absolutely necessary that certain continuity at top management should be ensured in the interest of efficient administration of the State undertakings.

The appointment of part-time official nominees to the boards of State

 <sup>&</sup>lt;sup>12</sup>See author's dissertation on Working of State Public Enterprises in Andhra Pradesh,
 Osmania University, Hyderabad, 1977, p. 116.
 <sup>13</sup>CPU Report Mysore Legislature Secretariat, Bangalore, 1972-73, p. 101.

public enterprises is deplorable. The ARC has suggested that the persons nominated to the boards should not have to serve more than 2 or 3 boards because they should not be over-burdened and as it becomes difficult then to play a useful role in the board meetings. It is, however, seen that in some cases an officer is nominated to as many as 18 companies. For instance, the chairman and managing director of the Mysore State Industrial Investment Development Corpn. was nominated to the chairmanship of 8 other companies and as director for 9 other companies between 1966 and 1972. The Director of Industries and Commerce was nominated to the directorship of 12 boards in addition to the membership of the Bangalore Water Supply and Sewerage Board between February 1969 and May 1973. The Commissioner for Industries and Secretary to Government, Commerce and Industries Department, was nominated to the chairmanship of 2 companies and directorship of 10 other companies between April 1971 and November 1972.

The Secretary, MIISDC is serving on the board of 13 companies. The Joint Secretary to Government, Finance Department, was nominated to the directorship of 4 companies in addition to the membership of Bangalore Turf Club and Mysore State Road Transport Corpn. There are a number of enterprises where MLAs and MPs representing on the boards. For instance, the Mysore State Fisheries Development Corpn. Ltd., the Mysore State Urban Development Corpn. Ltd., the Mysore Agro-Industries Corpn. Ltd., the Radio and Electricals Manufacturing Company Ltd. in Karnataka, the AP State Agro-Industries Corpn. Ltd., the AP Small Scale Industrial Development Corpn. Ltd., the AP State Road Transport Corpn., the AP Refractories Ltd., the AP Rayons Ltd. in Andhra Pradesh, the Kerala Agro-Industries Corpn. Ltd., the Plantation Corpn. of Kerala Ltd. in Kerala are some examples to make the point.

Sometimes the personal interests of political leaders are responsible for such irregularities and disorderliness in appointing top personnel of public enterprises in Karnataka. For instance, "the plethora of nominated chairmen, directors or members of a long list of corporations subserved the Chief Minister for personal political ends and helped him to consolidate his influence in the face of frequent challenges to his leadership. Further the former (sic) Chief Minister had appointed 77 party MLAs as members of land tribunals and another batch of 47 MLAs as non-official chairmen of corporations and other statutory bodies". Therefore, there is need for examining the representation of MPs/MLAs on the boards of State enterprises in different States. The example set by the Government of India in regard to this has to be followed rigorously.

 <sup>&</sup>lt;sup>14</sup>CPU Mysore Legislature (Fifth Legislature), Bangalore, 1972-73, pp. 25-26.
 <sup>15</sup>Dismantling Power Base, *The Hindu*, February 4, 1978.

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A recent study of industrial potentialities in Andhra Pradesh by IDBI and others, has rightly pointed out that "all of these (development undertakings) seem to be ailing and handicapped in varying degrees. The main handicap would seem to be the fact that they lack continuity and professionalism in management." This situation is more or less the same with only a degree of difference in all these three States. Therefore, it is necessary to implement the recommendation of the ARC and it should be ensured that the selection of persons to be nominated to the boards of State public sector undertakings should be on the basis of ability, experience and administrative competence, and without any conflict of interests. A person selected on the board should identify himself with the interests of the undertaking.

Like the Central Government undertakings, the profit position of State enterprises is still not very satisfactory. The problem of State enterprises, however, is easier compared to that of the Central Government enterprises where a complex set of factors have adversely affected the results. If a few vital posts like the chief executive, the financial officers, the marketing and personnel managers, etc., are filled by competent people, recruited from the open national market, if objectives—social, economical and financial—of the enterprises are defined, if a continuous system of evaluation of performance in relation to objectives is carried out, the burden of Government deputationists lessened, cost consciousness among the executives created, healthy industrial relations within and outside the enterprises promoted, through participative methods, most of the State public enterprises can easily turn the corner. In fact, a few of them have already turned the corner by paying attention to these requirements.

<sup>&</sup>lt;sup>16</sup>Industrial Potential Survey—Andhra Pradesh, Report of a Study Team sponsored by IDBI and other Institutions, p. 39, 1974.

APPENDIX I

Number of State Public Enterprises in Different States, 1975

|      | State            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Number<br>Underta |  | Ra | nk |
|------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--|----|----|
|      | Andhra Pradesh   | The state of the s | 39                |  | 2  |    |
|      | Assam            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 20                |  | 6  |    |
|      | Bihar            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 14                |  | 10 |    |
|      | Gujarat          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 12                |  | 11 |    |
|      | Haryana          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 10                |  | 13 |    |
|      | Himachal Pradesh |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 7                 |  | 17 |    |
|      | Jammu & Kashmir  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 9                 |  | 16 |    |
|      | Karnataka        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 34                |  | 3  |    |
| ]    | Kerala           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 32                |  | 4  |    |
| . ]  | Maharashtra      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 28                |  | 5  |    |
| 1    | Madhya Pradesh   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 9                 |  | 15 |    |
| ]    | Meghalaya        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1                 |  | 20 |    |
| ]    | Manipur          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2                 |  | 18 |    |
| ]    | Nagaland         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1                 |  | 19 |    |
| (    | Orissa           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 44                |  | 1  |    |
| 1    | Punjab           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 15                |  | 9  |    |
| ]    | Rajasthan        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 16                |  | 7  |    |
| 10 7 | Tamil Nadu       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 10                |  | 12 |    |
| τ    | Jttar Pradesh    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 16                |  | 8  |    |
| 1    | West Bengal      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 10                |  | 14 |    |

Source: Public Enterprises in India, Ed. Ziauddin Khan and Arora, New Delhi, 1975.

# Public Corporations in Bangladesh: An Assessment of Their Administrative Aspects

## Habib Mohammad Zafarullah

THE year 1971 left Bangladesh with a war-torn economy. The industrial sector, in particular, presented a dismal look with nearly all activities coming to a standstill. The Pakistani entrepreneurs and managers, who so long controlled the industrial machinery, left the country, creating a vacuum in all branches of the sector.

The government of the new state was faced with the task of restoring the industries by taking over the responsibility of directing and controlling the public sector as well as the abandoned industrial units for "operational efficiency and managerial effectiveness". A presidential order brought the control and management of certain industrial and commercial concerns into the hands of the government. This was followed by large scale nationalisation of the industrial sector and the establishment of public corporations for coordinating and overseeing the operation of industrial enterprises. The nationalisation policy was designed to make an optimum use of all available factors of production and to ensure distributive justice in society as far as profit or economic surpluses are concerned. Consequently, eleven sector corporations<sup>2</sup> were created and the different industrial or commercial units placed under them. Later, reorganisation of the administrative machinery brought down their number to six.<sup>3</sup>

<sup>1</sup>Nationalisation brought 85 per cent of the assets of the industrial sector under government control. See, Government of Bangladesh, *The Bangladesh Industrial Enterprises* (Nationalisation) Order, 1972.

<sup>2</sup>These corporations were: The Jute Industries Corporation, the Cotton Mills Corporation, the Sugar Mills Corporation, the Steel Mills Corporation, the Paper and Board Corporation, the Fertiliser, Chemical and Pharmaceutical Corporation, the Engineering and Shipbuilding Corporation, the Minerals, Oil and Gas Corporation, the Food and Allied Industries Corporation, the Forest Product Corporation and the Tanneries Corporation.

<sup>3</sup>The Food and Allied Industries Corporation was merged with the Sugar Mills Corporation; the Paper and Board Corporation, the Tanneries Corporation and the Fertiliser, Chemical and Pharmaceutical Corporation merged into one corporation named the Chemical Industries Corporation; the Steel Mills Corporation and the Engineering and Shipbuilding Corporation merged into the Steel and Engineering Corporation; and the Jute Industries Corporation and the Cotton Mills Corporation were renamed as the Jute Mills Corporation and the Textile Mills Corporation, respectively. See, CENTAS Bulletin, Vol. 1, No. 2 (February, 1976), Center for Administrative Studies, Dacca, pp. 7-8.

The purpose of this paper is to make an appraisal of the managerial aspects of the industrial corporations in Bangladesh and to identify the constraints in the operation of the enterprises under them.

## GENERAL FEATURES

Industrial corporations in Bangladesh operate as national undertakings on a commercial and economic basis and are designed to meet the demands of the people efficiently and economically. These corporations have been established by executive orders rather than by Acts of Parliament and are defined by law to be body corporates having perpetual succession and each having a common seal with power to hold or dispose of property.

These corporations are wholly owned by the government. The corporations as the major (and in some cases, the only) shareholders of the individual enterprises, guide and assist them in the achievement of the objectives of the industry within the guidelines of the government's policy, their functions being confined to supervision and coordination of the operating industrial units. The government sets the overall policies and objectives for the industrial undertakings and provides the environment in which these can be achieved. The operating enterprises, as set forth in the official guidelines, are to act with the maximum commercial autonomy to achieve individually their share of the required contribution of the sector.4 On paper these are the defined roles of the government, corporations and the operating enterprises. In practice, however, they do not fit into their roles in the right perspective. The relationship between the ministry of industries as the policy maker and the corporations as the regulating agency for the operating enterprises has not been delineated in adequate detail. The outcome has been procrastination in decision-making, difficulties in specifying responsibilities and hindrances in the way of initiating action.5 This has led to high-handedness of the controlling bureaucrats in the ministry in the affairs of the corporations and the operating enterprises.

The corporations have manifested certain features that have had a negative effect on the performance of the operating units. Lack of trained managers, financial and labour problems, inadequate planning and lack of management guidelines, undue interference by the government in the affairs

<sup>5</sup>Government of Bangladesh, Planning Commission, The First Five Year Plan 1973-78,

p. 251.

<sup>&</sup>lt;sup>4</sup>Government of Bangladesh, Cabinet Secretariat, Guidelines on the Relationship between Government and Autonomous Bodies' Corporations and the Autonomous Bodies' Corporations and Enterprises under them (May, 1976). The terms enterprises, operating units, industrial undertakings and companies are used here interchangeably.

of the corporations, and the lack of uniform personnel policies and working procedures have contributed to low level performance. And, as the authors of the country's first five year plan pointed out:

Production targets, efficiency levels, cash surplus generation and other defined objectives should be spelt out for the corporations and by the corporations for the enterprises. Absence of precise targets makes it difficult to evaluate performance, motivate workers and identify and correct lapses.<sup>6</sup>

#### THE DIRECTING STAFF

The general direction and administration of the affairs of an industrial corporation in Bangladesh is vested in the chairman, the directors and the secretary. Together they constitute both the board of directors and the top operating executive group of the corporation. This board is not independent of government control and superintendence. In the discharge of its functions it is 'guided' by the government. Policy-making, approval of the budget, appointment of the auditors, reviewing of audit reports and performance evaluation of the corporation are in the hands of the relevant ministry. Even the appointment of the directors is made by the government and their services regulated by the terms and conditions as determined by the appointing authority. The board of directors decides the commercial or promotional policies of the corporation but these also must be consistent with the policies and directives issued by the government. In deciding operational matters it has to consider the commercial worth and economic viability.

The chairman and the directors of a corporation have taken on an incredible range of responsibilities, their activities falling into four categories. First, as directors of the corporation they are responsible for general management, planning and ensuring policy implementation. In this capacity they guide the corporation's investment programme, manage its financial resources and administer the disinvestment of the corporation's industrial undertakings to the private sector.

In their second capacity, the directors serve, individually or collectively, as members of the board of directors of the operating enterprises. In this capacity they take on the responsibility for the efficient and profitable operation of these enterprises.

Government of Bangladesh, Planning Commission, op. cit.

<sup>&</sup>lt;sup>7</sup>Regulations provide for the establishment of a planning, research and evaluation cell to aid the directors. The functions of this cell would be to prepare the annual development programmes and compile performance reports. *Guidelines*.

Thirdly, the chairman and directors assume responsibility for the planning and construction of the proposed or on-going projects. They supervise the physical progress and monitor their expenses.

In their fourth capacity the directors serve as the *de facto* chief executive officers of the operating units. Practically all operating decisions of real importance are referred to them. Many decisions of minor importance are also made by them, while some major ones are even referred to the ministry. For example, no officer may be transferred from one project to another, even in the interest of the corporation, without the approval of the ministry.

The directors are thus continually engaged in a wide variety of activities ranging in magnitude from the planning of multimillion *taka* projects to the approval of Tk. 250 appointments.

### THE DIVISIONS

The line, or the industrial division, has an ambiguous position that has never been defined. Their senior executive officers do not act as chief executives of the operating units. One reason is that the staff divisions, which have extensive activities in these enterprises, do not report to them, but to the directors. To further confuse the lines of authority, the staff divisions and industrial divisions report to different directors. The industrial divisions must therefore rely on agreement among the directors for the final decisions in conflicts involving matters such as accounting, purchase, or construction. In line operating matters their authority does not significantly exceed that of the general managers of the companies, *i.e.*, the enterprises. For these reasons, and partly from an induced habit of dependence, the senior executive officers of the divisions bring most of their problems to the directors for resolution. Decisions seem either to get made at the companies or to be carried all the way to the directors.

Together the staff divisions perform for the operating companies many of the services that in a non-corporation owned company would be performed by the company's own staff reporting to its chief executive officer. Thus the purchase division determines purchase procedures, buys all machinery and machine tools involving foreign exchange, and purchases most items for use by more than one project.

The accounts division establishes the company's accounting systems, determines the forms, documents and statements to be used, exercises control over cash credits and sales accounts of the companies and exercises technical, but not administrative, control over the company's chief accounting officer. The accounts division requires the submission of monthly financial statement (P & L and balance sheets) from the companies.

The secretariat deserves special mention. This division holds a firm grip on personnel management throughout the corporations. Its control extends not only throughout the head office establishments, but also into every project and company. In matters of staffing patterns (i.e., employee and officer 'set up'), salaries and wages, labour relations, hiring of officers above the very lowest levels, officers transfers, promotions and special increases, and personnel policies and service rules, the secretariat has authority exceeding not only that of general managers of the company but also that of the senior executives of the divisions. Every project and company must refer these matters to the secretariat for decision or approval. In addition to personnel matters, the secretary, through his role as actual executor of the chairman's decisions, exercises considerable influence over corporate affairs.

The relationship between the general managers, senior executive officers and directors, as described here, is generalised and, of necessity, over-simplified. There is, of course, no single pattern of relationship. Much depends upon the individuals involved, on their experience, their personalities, and their sense of security in their positions. In most cases, the general managers seem to lean heavily on the senior executives; in a few cases, however, they seem virtually to ignore them. One or two of the senior executives appear to take strong and independent action. Others seem to cling to the directors. The explanation of these different patterns of behaviour is intricate and not within the scope of this paper. It is sufficient to know that the organisation structure of an industrial corporation in Bangladesh is such as to induce the general pattern of relationships described here.

# THE OPERATING ENTERPRISES/COMPANIES

The number of enterprises or companies under the different corporations is enormous. This has resulted in a heavy management burden that already taxes the managerial capacity of the corporation almost to the breaking point. These enterprises, making a variety of producer's and consumer's goods. are managed by a management/enterprise board. This is supposed to be the highest policy-making body at the enterprise level. Governmental regulations provide for a chief executive (usually a general manager), a corporation appointee, and a workers' representative in the board. The chief executive's major responsibilities are to ensure the proper implementation of the policies of the board and keep the corporation informed about his enterprise. The corporation appointee serves as the vital link between the corporation and the enterprise. He provides overall guidance to the enterprise board and makes certain that the policies of the enterprise are in keeping with the objectives of the corporation. The workers' representative is to be selected according to rules. All enterprises do not strictly adhere to having such a representative. Some even do not have a corporation appointee.

Each company is operated by a general manager, in residence at the works, assisted by a corps of administrative and technical officers; the senior among them are appointed by the corporation head office. The senior officers are, with few exceptions, permanent corporation employees assigned to the company, rather than truly members of the company itself.

These companies have, in fact, no chief executive officer, and no single point at which the authority and responsibility for their operations converge. Authority and responsibility are scattered among the general manager, the corporation directors, and the staff and line divisions at the head office. The chief executive officer of an industrial company is normally charged with the responsibility to utilise fully the plant and equipment entrusted to him, to produce quality goods at low cost, and to sell them at a price that will maximise returns on the company's investment. Obviously, the general managers of the industrial corporations in Bangladesh cannot be so charged, because many of the decisions necessary to achieve these goals are made by others. The nature and composition of the company's capital investment are decided prior to their involvement. Not being a member of the board of directors of their companies in most cases, the general managers are not a direct party to policy decisions. In many cases the purchase of raw materials is either made by the head office<sup>8</sup> (jute, for example), or the price is controlled (cane and cotton. for example), or it is brought in from abroad at a price over which the general managers have no influence (pig iron, for example). Sales and/or selling price (e.g., jute goods, sugar, molasses, cement) are frequently beyond their control.9 Senior officers are posted to their companies by the head office of the corporation, frequently without their prior consultation or consent, following a staffing pattern ('officer set-up') usually developed by the head office, and which is frequently excessive. Being corporation personnel, that is, corporate officers, rather than permanent officers of the operating companies, the loyalties, attachments and useful contacts of these posted officers are likely to remain with the head office. Labour policy, wages and hours of work and service rules, are established in Dacca, leaving the general managers only the day-to-day administration of labour.

The general managers are thus more accurately entitled 'works

<sup>&</sup>lt;sup>8</sup>The corporations would be concerned in advising the government in determining the pricing and procurement policies. Subject to foreign currency control procedures, purchase invoice control and invoice payments should be carried out at the enterprise level. Bulk purchase, *i.e.*, purchase of the same item required for more than one enterprise or of an item of a very high value, may be made centrally at the corporation level. *Guidelines*.

<sup>&</sup>lt;sup>9</sup>Corporations have the authority to fix prices or rates of goods and services produced by their enterprises except when such fixation relates to public utilities or essential commodities and services as may be specified by the Government. In fixation of prices/rates of such public utilities and essential commodities and services, prior approval of the Government would have to be obtained. *Guidelines*.

managers', or 'factory managers'. They keep things going, get the production out, and treat the everyday problems of the officers and workers. They receive stores and ship goods, and keep account of the flow of materials, supplies and products. They maintain the plant and mind its security. And they correspond with the head office.

This tight rein and limited authority give an illusion of control over the companies. But this is a deception for only in the most narrow accounting sense are the companies under any control. While the *paisas* are watched and well accounted for, millions of *takas* are lost through untaken opportunities and overlooked needs.

#### RELATIONSHIP BETWEEN OPERATING COMPANIES AND CORPORATIONS

Corporation and operating company relations are confused and strained. The strain is mostly felt by the general managers who operate with insufficient authority and at a distance from the decision centre at Dacca, where anxiously awaited matters in their behalf seem to move at a glacial pace.

The prime object of the general manager's ire is the secretariat which acts, in effect, as his personnel department. The recruitment, transfer, promotion and special increments to officers with salary of Tk. 475 and above are virtually controlled by the secretariat. In the view of the general managers this control is sometimes abused. Chief accounting officers, reportedly, have been transferred from one company to another at a time when they were most needed to close the company's books. This has been done without the concurrence of the general managers. Unnecessary and unwanted and most incompetent officers, reportedly, have been assigned to the companies. Officers posted to a company have been known to correspond with friends in the secretariat at the corporation head office to work out a transfer without the knowledge of their general manager. In addition, some of the officers (accountants, medical officers, for example) are under dual authority. Administratively they report to the general manager, but in substantive matters they report to their respective divisions. Since the senior executives of the industrial divisions to whom the general managers report have little more authority in these matters than the general managers themselves, the general managers are powerless to bring effective persuasion to the secretariat. One of the most frustrating part of the general manager's job is his need to motivate and lead his senior officers to better achievement despite his lack of authority to reward or punish them.

Another source of grievance of the general managers is the reporting burden imposed on them and their officers. They feel, and with apparent justification, that the head office calls for too many reports, and too frequently; that many are redundant and some are totally unnecessary; and that almost all are poorly designed and wrongly conceived. The principle of exception reporting, in which exceptional situations that require head office attention are strongly featured and where routine affairs are either omitted, or greatly condensed, is seldom employed. Instead, voluminous reports reach the head office and, in spite of their size and frequency of arrival, they usually fail to convey adequately the essential information. Very few standardised and preprinted forms are provided for these reports. Most of the hours spent in this activity could be saved through a study of reporting and forms analysis. At the head office, these reports, as often as not, are poured over and picked apart by the junior people, many of whom do not really understand their meaning.

There is no better measure of the dependence of the operating companies/enterprises on the head offices of the corporations, and of the confused nature of that relationship, than an analysis of the destinations of the companies' correspondence. All companies make over 50 per cent of their correspondence with the head office; in some cases this is as high as 80 per cent. The balance alone is with suppliers, customers, contractors and others. This obviously should not be the case.

#### CONCLUSION

Efficiency, professional competence, decentralised authority and workers' participation have been identified as the underlying principles for administering the nationalised enterprises in Bangladesh. Thus, any plan for organisational improvement of the industrial corporations should start with the reduction in the work load and in the variety of responsibilities of the chairman and the directors. Decentralisation of decision and control is essential for the continued growth of the corporations. The position of the general manager should be redefined from that of a factory manager to that of a chief executive officer. Within broad policy directives, he should have authority and responsibility to utilise fully the plant entrusted to him, to produce quality goods at low cost, and to sell these goods at prices that will maximise long range returns on his company's investment.

The operating companies should immediately concentrate their attention on sales and marketing and must go out and sell, extend and service their markets, and behave, in short, like commercial undertakings if they are to become a public asset and not a drain on the public purse.

The need for a massive programme of change and rationalisation in the

<sup>&</sup>lt;sup>10</sup>Government of Bangladesh, Planning Commission, First Annual Plan, 1972.

organisation structure and management methods of the corporations is there. It is felt that the decision for such essential change would have to be taken at the highest level of the governmental hierarchy. The time has come for extensive organisational changes and the government should make all effort to bring about that change.

# Government Regulation of Private Companies

One essential feature which distinguishes the structure of the law in this country (India) relates to the administrative machinery providing for a direct regulation of corporate sector by the government. While there is government regulation of business in every country and there is no question that such regulation is indeed necessary in the overall interest of pursuing the broad national objectives, policies and aspirations, the Committee has paid careful consideration to the nature of these regulations, the manner in which they are exercised and the purpose which they have achieved so far, keeping in view the present set-up of the administrative machinery. While the right of government to regulate private management in the sphere of managerial appointment, and remuneration, inter-corporate investment, etc., might be sometimes necessary, the Committee is of the view that by and large the companies should be free to exercise managerial functions without government intervention within certain constraints which can be laid down statutorily. Our approach in this report has, therefore, been one of governmental intervention only in exceptional cases, leaving the corporate sector otherwise free to exercise managerial functions within certain constraints and criteria to be laid down statutorily. We have taken pains to see that wherever the existing government approval is dispensed with, necessary and sufficient safeguards have been provided to ensure that these powers are exercised for the benefit of the company and the shareholders and in public interest. In our view, this is the major simplification of the present structure of the law intended to eliminate delays, promote growth, ensure the running of the companies on sound lines and also take away the present burden on the government and the companies of unnecessary paper work.

> —Report of the High-Powered Expert Committee on Companies and MRTP Acts, 1978.

# The Nigerian Public Enterprises as Instruments of Socio-Economic Policies: A Case Study of a Government Trading Company in the Cross River State of Nigeria

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Gordon J. Idang

AN important objective of development planning in Nigeria, according to the authors of the third national development plan 1075 90 " to the authors of the third national development plan 1975-80, "is to spread the benefit of economic development so that the average Nigerian would experience a marked improvement in his standard of living." A similar objective is expressed in the Cross River State development plan 1975-80: rapid economic growth must be "accompanied by an equitable distribution of the GDP between and within population and divisional groups".2 In other words, rapid economic development and social change should be accompanied by an even development of the country and by equality of access to political and economic power. This is reflected in the size and distribution of both the Federal and State Governments' development programmes, particularly those structured to generate growth simultaneously in all geographical areas of the country and reduce the disparity between standards of living in the rural and urban areas. Equally essential is the need to increase the participation of Nigerians in domestic trade, industry and other economic activities. This policy, which was given effect in the Nigerian enterprises decree of 1972,3 is designed to ensure that Nigerian

<sup>2</sup>Third National Development Plan 1975-80, the South-Eastern (now Cross River) State Programme, Calabar, Government Printer, 1975, p. 25.

<sup>3</sup>There are two schedules of businesses under the decree. Schedule I covers 22 enterprises ranging from retail trade, advertising to tyre retreading, which are reserved exclusively for Nigerians. In schedule II, there are 33 enterprises, most of which require heavy capital outlay, which are barred to aliens under certain conditions. For instance, businesses in this schedule with a capital of not more than Naira (N) 400,000 or an average annual turnover not exceeding N 1 million are reserved exclusively for Nigerians, while businesses exceeding these capital and turnover limits must have at least 40 per cent indigenous equity participation. Three businesses—electronics assembly, clearing and forwarding agencies, and haulage of petroleum products by road—originally included in schedule I were transferred in March 1974

<sup>&</sup>lt;sup>1</sup>Federal Republic of Nigeria, *Third National Development Plan* 1975-80, Lagos, Federal Government Printer, March 1975, p. 29. This objective tends to accord with the third principal national objective, *i.e.*, "to establish Nigeria firmly as a just and egalitarian society."

entrepreneurship is present and dominant in all sectors of the country's economy. In this connection, the plan strategy adopted is for the public sector to provide adequate financial and technical assistance to Nigerian entrepreneurs as also other relevant infrastructural facilities such as electricity, water, transportation and communication facilities.

It follows that, as changes and developments occur in the society, there is need for a greater regulation and control of industry by independent public agencies in an attempt to ensure that accelerated national development does not engender greater inequality and class stratification. Furthermore, the lack of indigenous entrepreneurial talent, coupled with the cyclical vulnerability of the inherited colonial export-import economy, means that Nigeria cannot afford to rely heavily on private initiative to achieve an accelerated and balanced socio-economic development. Both the Federal and State Governments must, therefore, play a leading role not only in the provision of the traditional public utilities and services but, more important, in investment in industry and commerce, the two areas usually regarded as the exclusive preserve of private enterprise and professional management.

This paper sets out to examine the trading operations and management performance of a public commercial enterprise—the South-Eastern (later, the Cross River) State Trading Company Ltd. (SESTRADE Supermarket) in the Cross River State,4 and to determine the extent to which it achieved the objectives for which it was established. The theoretical framework adopted here takes the form of two research questions: (1) Should a public enterprise once established base its policy on social or commercial criterion? Should it, for instance, regards itself as an instrument for re-allocating economic power relations in the society or adopt economic and commercial criteria in pricing. financing and resource allocation? (ii) Should the government involvement, intervention or participation in economic activity be confined to areas where private capital and entrepreneurial talent are lacking and financial returns insufficiently attractive to justify private investment or should government participation be extended to profitable industrial and commercial undertakings? This paper offers no conclusive answer to these questions even as related to the Cross River State. It does raise these questions

to schedule II. However, the schedules of businesses in the decree should be seen as a beginning in the process of indigenising and eventually controlling the private sector of the nigerian economy.

<sup>&</sup>lt;sup>4</sup>The Cross River State came into existence in 1967 following the reconstitution of the Nigerian Federation into 12 States. The former Eastern Nigeria was divided by the State Creation and Transitional Provisions Decree No. 14 of 1967 into three States, namely, the South-Eastern, the East-Central and the Rivers States. In 1967, the South-Eastern State was renamed Cross River State by the States Creation and Transitional Provisions Decree No. 12 which divided the country into 19 States.

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and in so doing hopes to generate more academic debate on the vexed problems of the philosophy and overall strategy of government participation in the national development process in a mixed economy.

# THE SOUTH-EASTERN TRADING COMPANY (SESTRADE) LTD.

The idea of a government trading company arose out of a situation of an acute shortage of essential commodities in the State soon after the civil war. Partly because most of the expatriate trading firms were reluctant to commence operations in the State soon after the cessation of hostilities and partly because of the non-existence of large indigenous private trading companies with adequate capital in the State, it became inevitable and necessary for the State Government to venture into commercial activities to provide a channel for local and imported commodities to flow into the State. The fact that only very few ships with imported goods, and that also infrequently, called at the Calabar port made the whole idea very attractive. Accordingly, the South-Eastern Trading Company Ltd. (SESTRADE) was established in 1972 with the following objectives:

- 1. To establish and maintain a full-fledged department store with catering facilities in the capital territory of Calabar.
- 2. Progressively to establish a department store of economic size in each of the major population centres of the State.
- 3. To establish wholesale distribution stores in those areas where it did not serve through a retail store.
- 4. To maintain the services offered by Nassar's supermarket in Lagos however, using the supermarket as an opportunity to train indigenous staff in all aspects of retailing with a view to providing the personnel required in carrying out its main objectives.<sup>5</sup>

To carry out the above functions, the Company was incorporated with an authorised share capital of Naira (N) 400,000. This was later increased to N1.01 million made up as follows:<sup>6</sup>

| Property and Equ | ipment |     |     | N 590,000   |
|------------------|--------|-----|-----|-------------|
| Stock            |        |     | • • | . 160,000   |
| Working Capital  |        | • • |     | . 260,000   |
|                  |        |     |     |             |
| TOTAL            |        | ٠.  | • • | N 1,010,000 |

<sup>&</sup>lt;sup>5</sup>Report of Commission of Enquiry into South-Eastern Trading Company Limited; South-Eastern Cooperative Wholesale Association Limited; and Domo Hotel, Lagos, Official Document No. 3 of 1976, Calabar, Government Printer, 1976, p. 12; hereafter referred to as the Udoh Commission Report.

6Ibid.

### PURCHASE OF THE SESTRADE SUPERMARKET IN LAGOS

The SESTRADE supermarket in Lagos was formerly owned and managed by an expatriate businessman, Mr. Albert Solomon Nassar. Negotiations for its acquisition by the State Government started in October 1971. A firm of professional valuers—Knight, Frank and Rutley (Nigeria) Ltd. was commissioned by the State Government to carry out the valuation of the supermarket. The firm's valuation put the open market value of the building at N460,000. Another firm of professional valuers, Hope Harriman and Company, working for Mr. Nassar, valued the building at N508,000. A firm of Whinney Murray, Ernst and Ernst invited by the State Government to assess the stock-in-trade, valued it at N160,000 as against the figure of N120,000 actually demanded by Nassar. But the cost of the equipment, which the owner of the supermarket put at N120,000, had no valid basis whatsoever. There was no evidence that they were assessed by a firm of professional valuers or that the State Government negotiators tried to bid down the price. What is more, some of the equipment, i.e., deep freezer, cooling units, etc., were found to be old and defective soon after the acquisition of the supermarket by the State Government and had to be immediately replaced at a cost of N60,000.7

At one stage in the negotiation process, the owner of the supermarket was prepared to sell it to the State Government at a total cost of N710,000 made up as follows:<sup>8</sup>

| Property (build | ling) | N 470,000 |
|-----------------|-------|-----------|
| Equipments      | ••    | 120,000   |
| Stock-in-trade  |       | 120,000   |
|                 |       |           |
| TOTAL           |       | N 710,000 |

However, when the State Government eventually purchased the supermarket from Mr. Nassar, the actual amount spent was N750,000 made up as follows:9

| Property (building) |     |       | N 470,000 |
|---------------------|-----|-------|-----------|
| Equipments          | ••• | • •   | 120,000   |
| Stock-in-trade      |     | · · · | 160,000   |
| TOTAL               | ••  | • •   | N 750,000 |

<sup>&</sup>lt;sup>7</sup>Report of the Commission of Enquiry into South-Eastern Trading Company Ltd., op. cit., p. 14.

<sup>&</sup>lt;sup>8</sup>Ibid., p. 10.

<sup>&</sup>lt;sup>9</sup>Ibid., p. 11.

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According to the report submitted to the State Government by the Udoh Commission of Enquiry, had the equipments and stock-in-trade been carefully evaluated by the State Government negotiators, the total payment for the supermarket should have been N650,000 made up as follows: 10

| (i)   | Property (building)                                                                    | N | 470,000 |
|-------|----------------------------------------------------------------------------------------|---|---------|
| (ii)  | Equipments (N120,000 demanded and received<br>by Nassar minus the N60,000 spent by the |   |         |
|       | State Government to replace the old and                                                |   |         |
|       | defective equipments soon after the Govern-                                            |   |         |
|       | ment acquisition of the supermarket)                                                   |   | 60,000  |
| (iii) | •                                                                                      |   |         |
|       | as opposed to N160,000 recommended by the                                              |   |         |
|       | firm of Whinney Murray, Ernst and Ernst—a                                              |   |         |
|       | firm in which one of the Government nego-                                              |   |         |
|       | tiators was a partner)                                                                 |   | 120,000 |
|       |                                                                                        | - |         |
|       | Total                                                                                  | N | 650,000 |
|       |                                                                                        |   |         |

Thus, the N750,000 actually spent by the State Government to purchase the supermarket involved an overpayment of N100,000. However, such a conclusion, though plausible, seems debatable as there was no objective basis of property valuation. Was the supermarket, for instance, valued as a going concern or was it valued on a liquidation basis? The Udoh Commission Report does not provide an answer to this question. Obviously, the value arrived at would differ in each case.

After the acquisition, the supermarket was operated under its original name of 'Nassar's Supermarket' until July 1972, when it was incorporated as a limited liability company under a new name, the South-Eastern Trading Company Ltd. In October 1972, the name was further changed to South-Eastern (later, Cross River) Trading Company Supermarket (SESTRADE Supermarket). Following the State Government's acceptance of the Udoh Commission Report a decision to wind up the company was taken by the State Executive Council. According to the State Government White Paper on the Report,

experience gained so far in the running of such companies (by government)... has convinced the State Government that such enterprises should be left to private concerns or entrepreneurs to run. It is the State Government's view, therefore, that the operations of SESTRADE

<sup>&</sup>lt;sup>10</sup>Report of the Commission of Enquiry into South-Eastern Trading Company Ltd., op. cit., p. 14.

Limited should be wound up as soon as possible, after necessary auditing, stock-taking and property documentation have been undertaken. Thereafter, the building complexes both in Lagos and in Calabar (when completed) should be rented out to reputable chain store companies for operation of supermarkets or other form of commercial business. Government considers that this will guarantee substantial and dependable regular revenue in the form of rents, as well as the rendering of better service to the public.<sup>11</sup>

# THE OVERALL PERFORMANCE OF THE SESTRADE SUPERMARKET 1972-74

Except for the first six months after the acquisition of the supermarket by the State Government when the company recorded a net profit of N26,390,<sup>12</sup> the overall picture was that of continuous loss. From July to December 1972, for instance, the company sustained a net loss of N27,000. The net loss for 1973 and 1974 was N97,000 and N234,000 respectively. For the purpose of comparison, it is important to note that the supermarket was making profit during the two years it was owned and managed by Mr. Nassar. The net profit for 1970 and 1971, for example, was N8,492 and N25,004 respectively. From January 1 to June, 30,1972, when the Supermarket was operated under its original name and administrative arrangements, the company was able to make some profit. It started running at a loss soon after it was incorporated as a government owned limited liability company in July 1972. Table 1 shows a summary of performance records of the SESTRADE supermarket between 1972 and 1974.

Several factors accounted for the poor performance of the SESTRADE supermarket during the three years—1972 to 1974. First, there was a rapid increase in the number of senior and junior staff employed by the supermarket soon after its incorporation as a government-owned limited liability company in July 1972. This phenomenal increase was indicated by the rise in the company's recurrent expenditure on salaries and wages. Whereas in 1970 and 1971, salaries and wages consumed less than 3 per cent of the company's turnover, by 1974 this figure had risen to more than 5 per cent. Although a 20 per cent cut in the staff strength of the company was suggested in January 1975 by officials of the State Government's Investment Trust Company, 13

<sup>12</sup>Ibid., p. 13. However, no rent was paid for the area occupied by the supermarket in Lagos—i.e., 122/124 Broad Street, Lagos.

<sup>13</sup>The Investment Trust Company Ltd. was established in 1973 to act as a holding company for commercial and industrial investments of the State Government.

<sup>&</sup>lt;sup>11</sup>Conclusions of the Government of the South-Eastern (Now Cross River) State on the Report and Recommendations of the Commission of Enquiry into the Affairs of SESTRADE, SECWA and Domo Hotel, Lagos, Official Document No. 1 of 1976 (Calabar, Government Printer, 1976), pp. 18-19; hereafter referred to as Government White Paper on Udoh Commission Report and Recommendations.

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TABLE 1
Summary of Performance Records: SESTRADE Supermarket, 1972-74

(Figures to the nearest N 1,000) 1972 1973 1974 1972-74 N N N N Total 1,714,000 1,675,000 2,067,000 5,456,000 Sales Less Cost of Sales 1,459,000 1,869,000 1,601,000 4,929,000 216,000 527,000 198,000 113,000 Gross Margin Add (Other Revenue 6,000 8,000 12,000 26,000 Income) 222,000 206,000 553,000 125,000 Less Operating 249,000 303,000 359,000 911,000 Expenses 97,000 234,000 358,000 27,000 NET LOSS

Source: Compiled from Appendix G<sup>1</sup> in the Report of the Commission of Inquiry into South-Eastern Trading Company Limited, South-Eastern Cooperative Wholesale Association Limited, and Domo Hotel, Lagos, op. cit., p. 61.

the proposal was rejected by the management of SESTRADE supermarket. No reason was given by the management for rejecting the proposal.

Added to this was the phenomenal rise in the company's recurrent expenditure on other controllable items. The motor vehicle maintenance expenses, for instance, jumped from N1,496 in 1971 to N4,960 in 1974, while bad debts rose from N1,542 in 1971 to a staggering figure of N19,000 in 1974. There was also a rise of 25 per cent in 1974 over the 1973 figure in the cost of paper bags and wrappers even though sales had fallen by 17 per cent during the same period. Table 2 shows the major expenditure items of the SESTRADE supermarket from 1972 to 1974.

Another factor which accounted for the poor performance of the company was the conflict of interests on the part of its key officials. A number of high-ranking staff of the company were found by the Udoh Commission of Enquiry to be engaging openly in some private trading.<sup>14</sup> For instance,

<sup>14</sup>Government White Paper on Udoh Commission Report and Recommendations, op. cit., p. 16.

TABLE 2

Major Items of Expenditure: SESTRADE Supermarket, 1972-74

(Figures to the nearest N 1,000)

| Items of<br>Expenditure               | 1972   | 1973                                    | 1974    | Total   | Actual per cent on turn- | Expector per cent on turn | t     |
|---------------------------------------|--------|-----------------------------------------|---------|---------|--------------------------|---------------------------|-------|
|                                       | *      | × 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 |         |         | over                     | over                      | -     |
| Salaries and wages<br>Bad and damaged | 77,000 | 82,000                                  | 109,000 | 268,000 | 5                        | 3.70                      |       |
| goods                                 | 10,000 | 15,000                                  | 6,000   | 31,000  | 0.59                     | 0.44                      |       |
| Paper bags and wrappers               | 13,000 | 12,000                                  | 15,000  | 40,000  | 0.8                      | 0.59                      |       |
| Interests on loans                    | 25,000 | 19,000                                  | 21,000  | 65,000  | 1.2                      | 0.86                      |       |
| Rents                                 | 38,000 | 62,000                                  | 62,000  | 162,000 | 3                        | 2.22                      |       |
| Bad debts                             | 1,000  | 8,000                                   | 19,000  | 28,000  | 0.53                     | 0.37                      |       |
| Loss on sale of fixed                 |        |                                         |         |         |                          |                           |       |
| assets                                | -      |                                         | 60,000  | 60,000  | adjustrated              |                           | 4. 5. |

Source: Appendix G<sup>2</sup> in the Report of Commission of Inquiry into South-Eastern Trading Company Limited, South-Eastern Cooperative Wholesale Association Limited, and Domo Hotel, Lagos, op. cit., p. 61.

the firm of Essentia Paul Vincent and Associates—a trading company owned and managed by the former managing director of SESTRADE supermarket—was said to have supplied wines and baking powder to the supermarket in 1972 and 1973. Since in dealing with the goods received from his private company, the managing director was bound to ensure that the commercial interest of his company was adequately protected, such goods would carry low margins of profit for SESTRADE supermarket. Furthermore, the managing director was reported to have admitted that when he first took over the management of the supermarket on a part-time basis, he was still running his own business financed with a loan of N14,000 from the State Government-owned Central Loans Board. When he finally decided to take up a full-time appointment with the SESTRADE supermarket, he had to turn over his goods-in-stock which he could not sell to the supermarket on sale or return basis." 16

<sup>15</sup>Government White Paper on Udoh Commission Report and Recommendations, op. cit., p, 8, 16Ibid.

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There was also the problem of poor management/staff relations and administrative inefficiency. Aside from the wide communication gap between management and the rank and file of the staff, there were no well-defined conditions of service (including scales of salary) for the staff of the company. This gave the managing director a free hand in the recruitment, promotion and discipline (including dismissal) of all categories and levels of staff. Other sources of tension include absence of regular management meetings, poor consultations, and the seclusive manner in which the accounts of the company were kept. The lack of periodic review of the performance of the various sections of the company and the haphazard manner in which responsibility was shared among the component units seriously affected the smooth-running of the supermarket. In short, the important management functions of organising, staffling, directing, planning and controlling were either neglected or performed in a very unsatisfactory manner. The upshot was a sharp deterioration of morale and efficiency of the organisation.

Perhaps the most important factor that accounted for the wide gap between the possible and actual levels of performance of the company was the ineffectiveness of its board of directors. In any public enterprise, the board of directors occupies a key position in the entire process of goal-attainment by the organisation. Aside from formulating the broad policies of the organisation and playing a leading role in the appointment of the organisation's chief executive, it has to provide the necessary leadership, inspiration and advice to the top management of the organisation. Partly because of the preponderance of civil servants (with little or no commercial knowledge) on the board, partly because of the irregular meetings of the board, and partly because of the close and cordial relationship which existed between the former managing director of SESTRADE supermarket and the former state military governor, the SESTRADE board of directors could neither concentrate on the formulation of broad policy matters nor provide the company with the necessary supervision, control and leadership. Most members of the board were described by the managing director as "weak, petty and ineffective."17 Such estranged relationship between the board and its chief executive was bound to have serious adverse effects on the overall performance of the company during those formative years.

## LEVEL OF GOAL-ATTAINMENT

Although the SESTRADE supermarket in Lagos was to serve as a nucleus of a State Government-owned large commercial enterprise with headquarters in Calabar (the State capital) and branches in all the major

<sup>&</sup>lt;sup>17</sup>Government White Paper on Udoh Commission Report and Recommendations, op. cit. Most official members of the board, by the nature of their positions as permanent secretaries of key ministries, were members of other boards.

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population centres of the State, this fundamental objective was never achieved. Throughout its four years of existence, the company's centre of operation was mainly in Lagos. Partly because of financial constraint<sup>18</sup> and partly because of undue interference of the State Ministry of Finance (acting through the Investment Trust Company), the SESTRADE building complex in Calabar was never completed before the State Government decision to wind up the company. Since no supermarket or department store was established in the State, and since the South-Eastern (later Cross River) Cooperative Wholesale Association (SECWA)<sup>19</sup> was also in the field working on a similar problem, it is difficult to assess the impact of the SESTRADE supermarket on the economic life of the State.

What is more, the poor performance of the Lagos supermarket throughout the four years of its existence prevented it from acting as a channel for imported goods to flow into Calabar and other parts of the State. With regard to the last objective, namely, efficient running of the supermarket in Lagos and using it as a venue for training indigenous staff in all aspects of retailing trade, it seems fair to say that even this was never achieved because of the administrative inefficiency and bad personnel policies of the company. Coupled with all this was the inadequate financial support by the State Government. This financial constraint prevented the company from vigorously pursuing the objectives for which it was established.

# GENERAL APPRAISAL OF THE STATE GOVERNMENT WHITE PAPER ON THE UDOH COMMISSION REPORT AND RECOMMENDATIONS

The analysis of the overall performance of the SESTRADE supermarket during the period 1972-74 and the State Government decision (based as it was on the Udoh Commission Report) to wind it up raise a number of theoretical questions: Should a public enterprise behave like its counterpart in the private sector in terms of efficiency, productivity, profitability and discipline or regard itself as an instrument for providing a social service to the public and for re-allocating economic power relations in the society? More specifically, should the overall performance of a government-owned company be considered poor merely on the basis of accounting losses? Should state intervention in economic activity be confined to areas where private capital and

<sup>&</sup>lt;sup>18</sup>The uncompleted SESTRADE department store in Calabar although constructed by the State Ministry of Finance, was wholly financed by SESTRADE from its working capital.

<sup>&</sup>lt;sup>19</sup>SECWA was established in 1971 as a limited liability cooperative society to operate as a partnership between the State Government and cooperative societies. Some of its major objectives include the purchase of local and imported essential commodities for distribution to consumers; the maintenance of warehouses and cold storages for the consumer goods at various population centres in the State; and the establishment and operation of supermarkets. See, Udoh Commission Report, p. 19.

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entrepreneurial talent are lacking and financial returns insufficiently attractive to justify private investment or should government participation be extended to any profitable industrial and commercial undertaking? These and other related questions are pertinent in the light of the State Government's controversial decision to wind up the SESTRADE supermarket in 1976.

There is no doubt that given the post-civil war scarcity of local and imported commodities, including essential food items, the reluctance of the expatriate trading firms to commence operations in the State soon after cessation of hostilities, and the non-existence of large indigenous private trading companies with adequate resources in the State, there was an urgent need for the State Government to venture into commercial activities in an attempt to cope with the grave situation. The State Government's decision to set up the South-Eastern Trading Company soon after the cessation of hostilities was therefore a commendable one. Unfortunately, the serious irregularities which characterised the acquisition of the SESTRADE supermarket by the State Government functionaries as well as the heavy losses incurred by the supermarket as a result of inefficient management and bad personnel policies prevented the company from achieving any of the objectives for which it was established. Had the sum of N1.01 million allocated to the project by the State Government been put to its maximum use, the SESTRADE could not only have achieved its immediate and long-term objectives, but more important, could have provided employment opportunities for many, and generate capital for accelerated economic development of the State.

Furthermore, although an unqualified acceptance of the view that all public enterprises should base their policies on economic and commercial criteria could lead to undesirable consequences, this is not meant to suggest that government-owned companies should not be concerned with measures aimed at increasing their administrative effectiveness and efficiency. Aside from the basic requirements of integrity, honesty and responsiveness to the needs and aspirations of the people, a government must be an effective and efficient instrument of public service. This organisational performance is measured not only by what the government does, but also by how well it performs the functions it undertakes. For while the increasing demand on government emphasises the need for effectiveness, the limitation of resources dictates the need for economy and efficiency. Even where a public agency as in the case of the SESTRADE supermarket was specifically set up to provide a social service to the public, such an agency should be administered as effectively and efficiently as possible.

All this notwithstanding, it is still pertinent to ask whether the performance of the SESTRADE supermarket should have been considered poor merely on the basis of accounting losses and a decision to wind it up hurriedly

taken by the State Government. According to the Government White Paper on the Udoh Commission Report "experience gained so far in the running of trading companies (by other governments of the federation) has convinced the State Government that such enterprises should be left to private concerns or entrepreneurs to run." The implication of the above quotation is obvious. The decision to wind up the company was based less on the continuous losses it sustained between 1972 and 1974 than on the 'conviction' of the State Government that the company's service to the public would be better and more cheaply provided by private trading companies. Put differently, the State Government's controversial decision to do away with the SESTRADE supermarket was based less on the findings of the Udoh Commission than on the lesson which it had learnt from other governments of the federation which had ventured into commercial activities. Is this conclusion simply prejudice, or is it borne out by facts?

Probably, it is a little of both. The fact of the matter is that the experience in many other States of the federation over the last decade has tended to cast doubt on the rationale of any government venturing into commercial activities. Given the limited financial resources of most State Governments and the acute shortage of public servants with scientific outlook and professional management skills, indiscriminate establishment of a chain of inefficient, ineffective and poorly staffed commercial public enterprises has often tended to stifle private initiative and aggravate the problem of economic stagnation.<sup>20</sup>

Thus, while it may be necessary to use public enterprises as instruments of planned development, and to supplement private investment activity, where this is not forthcoming adequately and promptly, a rigorous examination of the adequacy of the government financial resources and administrative machinery should always precede and set the necessary framework for government intervention in economic activity. In other words, inspite of the ever increasing public pressure, government should always try to limit itself to those activities that are within the reach of its available executive and administrative capacity, that do not lend themselves excessively to corruption and nepotism, and that do not stifle private effort. It could perhaps be argued that had the sum of N1.01 million allocated to the project by the State Government been given out as short-term loans to individuals and private trading companies, the State Government could not only have more adequately coped with the post-war situation of acute shortages of essential commodities. but more important, could have significantly improved the economic life of its people.

<sup>&</sup>lt;sup>20</sup>See, for instance, the reports of the various commissions of enquiries set up by different State Governments in 1975-76 to investigate the activities and overall performance of statutory corporations and State-owned companies in their respective States.

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It follows, therefore, that although the original intention of the State Government was to use the SESTRADE as a means of counteracting investment deficiency in a critical sector of the State economy, the recent government decision to leave retail trade in the State to cooperative societies and private entrepreneurs is a step in the right direction. Apart from the inadequacy of public administration to effectively cope with the requirement of such specialised management, a number of department stores and supermarkets have since been established in the State by private individuals and organisations. Besides, the major objectives of the recently reorganised Cross River Cooperative Wholesale Association Ltd. (SECWA) include the purchase of local and imported essential goods for distribution to consumers in the State. the maintenance of warehouses and cold storages for consumer goods at various centres in the State, and the establishment and operation of supermarkets in the various population centres of the State.21 We may also add that there are other equally critical (if not more critical) sectors of the State economy which urgently require massive public investment. There are, for example, the problems of modernising agriculture, developing efficient transportation and communication network, providing other relevant infrastructural facilities particularly in the rural areas, and developing high and middle-level manpower.

In the light of the above arguments, one may recall the last question posed at the beginning of this section: Should government intervention in economic activity be confined to areas where private capital and entrepreneurial talent are lacking and financial returns insufficiently attractive to justify private investment or should government participation be extended to any profitable industrial and commercial undertakings? It should be pointed out here that the extent of the public sector, its mode of organisation, its role in the national development process, and its relationship with the private sector depend less on the existing political ideology than on economic and political circumstances prevailing in a particular society. Given the great disparity in the rate and levels of socio-economic development among the various ethnic groups and geographical areas of the Cross River State, the acute shortage of infrastructural facilities, and a population that is predominantly rural, illiterate and poor, the need for the State Government to play a dominant role in the planned development process cannot be over-emphasised.

Furthermore, the 1967-70 civil war had its most traumatic impact on the economy and social life of the State. Much of the private and public buildings and institutions were either destroyed or looted, and the State Government had to provide relief for more than 500,000 displaced persons during the

<sup>11</sup>The Udoh Commission Report, op. cit., p. 19.

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first few years of its operation. The first development plan 1970-74, therefore, had, within the national objectives framework, sought:<sup>22</sup>

- 1. to replace and reconstruct the facilities and assets damaged or looted during the war;
- 2. to expand food and cash crop production over and above the prewar level;
- 3. to build up the infrastructure especially transportation and communication network;
- 4. to embark on rapid industrial programme;
- 5. to improve and expand medical and educational facilities; and
- 6. to provide financial and credit facilities for indigenous businessmen.

To achieve these objectives, various parastatal bodies have been established by the State Government and assigned specified functions in the fields of industry, agriculture, social welfare, finance and commerce. At present, there are about 28 parastatals in the State ranging from profit-oriented industrial, agricultural, commercial and financial institutions, requiring large capital outlay, to those providing services of a public utility nature. Some are joint ventures between the State Government and the Federal Government or between the State Government and overseas technical partners. Table 3 shows the number and type of public enterprises in the State in January 1978.

In all these cases, the underlying conceptual understanding is that the business activities of the State Government are better operated by more or less autonomous parastatals than by regular government ministries and departments. In other words, the more freedom there is for management, the better results will be for the enterprise.<sup>23</sup> Besides, parastatal bodies can (provided they operate efficiently and enterprisingly) finance themselves, thus reducing the burden of general taxation. They can also, as earlier indicated, generate capital for accelerated development of the other sectors of the economy. It is hardly surprising, therefore, that the Cross River State Government from its very inception, has found it necessary and useful both to use public enterprises as instruments of planned development and to extend its participation in the socio-economic activities to any profitable industrial and commercial undertaking. What is not yet well understood, however, is how to make its increasing involvement in the economy as effective as possible so as to achieve the desired objectives.

22The State 1975-80 Development Plan, op. cit., pp. 5-6.

<sup>&</sup>lt;sup>28</sup>For further elaboration of this view, see M.C. Dimock and G.O. Dimock, *Public Administration*, New York, Holt, Rinehart and Winston, Inc., 1969, pp. 475-79.

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TABLE 3

Parastatal Bodies in the Cross River State in January 1978

| No  | . Category A                                           | Category B                                          | Category C            |
|-----|--------------------------------------------------------|-----------------------------------------------------|-----------------------|
| 1.  | Cross Lines (SESCOT) Ltd.                              | Cross River State Housing Corporation               | Library Board         |
| 2.  | Calabar Veneer and Plywood<br>Ltd.                     | Cross River State<br>Newspaper Corpora-<br>tion     | State School<br>Board |
| 3.  | Pamil Industries Ltd.                                  | Cross River State Sports Council                    |                       |
| 4.  | Asbestonit Ltd.                                        | Cross River State<br>Water Board                    |                       |
| 5.  | Breweries Ltd.                                         | Cultural Centre<br>Board                            |                       |
| 6.  | Seromwood Industries Ltd.                              | Cross River State<br>Rural Electrification<br>Board |                       |
| 7   | Niger Mills Ltd.                                       | Doard                                               |                       |
|     | Opobo Boat-yard Ltd.                                   |                                                     |                       |
|     | Oban (Nigeria) Rubber                                  |                                                     |                       |
|     | Estates Ltd.                                           |                                                     |                       |
| 10. | College of Technology,<br>Calabar.                     |                                                     |                       |
| 11. | College of Education, Uyo                              |                                                     |                       |
| 12. | South-Eastern (now Cross                               |                                                     |                       |
|     | River) State Agricultural                              |                                                     |                       |
|     | Marketing Association (SEAMCA)                         |                                                     |                       |
| 13. | Mercantile Bank of Nigeria<br>Ltd.                     |                                                     |                       |
| 14. | Calabar Cement Company<br>Ltd.                         |                                                     |                       |
| 15. | Investment Trust Company Ltd.                          |                                                     |                       |
| 16. | Cross River State Agricultural Development Corporation |                                                     |                       |
| 17. | (ADC)<br>Cross River State Plantations                 |                                                     |                       |

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- Manilla Insurance Company Ltd.
- 19. Hotels and Tourist Board
- South-Eastern (now Cross River) State Cooperative Wholesale Association (SECWA)

Category A are parastatals which enjoy full autonomy either because they are profitoriented or were incorporated under the Companies Decree as limited liability companies or under the Cooperative Law of Eastern Nigeria or they are higher educational institutions with academic freedom.

Category B are parastatals which enjoy partial autonomy, that is, they appoint, promote and discipline staff up to grade level 10 while the more senior staff are still under the Public Service Commission. The partial autonomy results from the fact that they render social services and should be subject to some degree of public scrutiny.

Category C are boards which have no autonomy in the sense that they are part and parcel of the public service although they were set up by edicts.

#### CONCLUSION

Nigeria has, even before independence, played a leading role not only in the provision of the traditional public utilities and services, but more important, in investment in industry and commerce. In the Cross River State, there has been a phenomenal increase in the scope of public enterprise since 1968. It now includes a very extensive range of parastatal bodies with specified functions in virtually every sector of the economy. Despite this widespread acceptance of the public enterprises as major instruments of socio-economic policies, however, their basic philosophy and overall strategy have not been precisely defined.

While it would be misleading to apply only economic criteria to government operations or to insist that all public enterprises be madeprofit-oriented, it would be equally misleading (if not dangerous) to expect all public enterprises to base their policies only on social criteria. Some economists are also skeptical about too wide a proliferation of parastatal bodies for they see in this an undercutting of free competition and the legal sanctioning of fixed prices and guaranteed returns. Perhaps the most relevant question to ask here is how far economic rationality can be introduced into the operations of public enterprises without impairing their capacity to provide social services to the people. A.H. Hanson, after an exhaustive treatment of this problem, has concluded that to improve their overall performance, public enterprises

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should be adequately financed, provided with experienced and qualified personnel, given a suitable organisational structure, ensured that they attain the maximum possible efficiency and effectiveness, and subjected to adequate (but not excessive) controls.<sup>24</sup> In other words, the extension of governmental functions into fields traditionally reserved for private enterprise and professional management posits the need both to adapt and apply modern business management techniques and philosophy to the public sector, and to equip public service personnel with the various competences required in the efficient management of economic, industrial and commercial undertakings.

Equally essential is the need to ensure probity and prudence in the management of public affairs. According to Okigbo, steps should be taken to "devise a system of quickly detecting misuse of public resources, *i.e.*, time, money, materials and swiftly invoking the necessary sanctions on the transgressors.<sup>25</sup> For the type of serious irregularities that characterised the acquisition and running of the SESTRADE to have gone on undetected and therefore unpunished for years was not only a betrayal of public trust, but also "a symptom of extreme laxity and gross indiscipline in public affairs."<sup>26</sup>

It is important, however, to point out here that given the social milieu, the political pressure, the resource constraint and the administrative environment surrounding the operations of many public enterprises, there is need for caution in assessing their overall performance. Unless the problem of public enterprises in Nigeria is put in a more objective perspective, declared Professor Aboyade, "policy makers stand the danger of throwing out the baby with the bath-water." Elsewhere he has declared that many public enterprises often "generate a lot of external economics, the positive results of which are not reflected in their balance sheets but show up rather in the strengthened operational accounts of the private enterprises." 28



<sup>&</sup>lt;sup>24</sup>A.H. Hanson, *Public Enterprises and Economic Development*, London, Routledge and Kegan Paul, 1965, p. 204.

<sup>&</sup>lt;sup>25</sup>P.N.C. Okigbo, "Government as Surrogate Corporation," Proceedings of the 1973 Annual Conference of the Nigerian Economic Society, op. cit., p. 116.

<sup>&</sup>lt;sup>28</sup>Ibid. Following the State Government's acceptance of the Udoh Commission Report the two public officers who negotiated for the acquisition of SESTRADE by the State Government were asked to pay to the Government N100,000 being the over-payment on the cost of the supermarket. See the Government White Paper on Udoh Commission Report and Recommendations, op. cit., p. 18.

<sup>&</sup>lt;sup>27</sup>Aboyade, op. cit., p. 41.

<sup>28</sup> Ibid.

# Reforming a Public Enterprise through a Management Audit: Any Lessons from the Former Western Nigeria Development Corporation?

# A. Akinsanya

NE of the problems facing leaders of many developing countries is whether public enterprises or public corporations, so popularly called, can still be used as instruments of economic development given the performance of these institutions in the years immediately following independence. In fact, because a majority of public corporations continue to sustain terrible losses that require monthly subventions by the government, namely, the tax-payers, suggestions have been made whether it would not be better to disband these institutions and transfer their functions to the private sector of the economy or, worse still, convert them into government departments if only to ensure public accountability. While the present writer does not support these suggestions, we are concerned with the lessons that we can learn from a management audit of the former Western Nigeria Development Corporation (WNDC) in offering an alternative to the suggestions made by some liberal democrats (among the Nigerian academics) that the country's public corporations be converted into government departments or offered for public auction. More often than not, those making such suggestions, and these include at least one member of the National Council of States, have not made a systematic effort at undertaking a comprehensive examination of the relevant public corporation with a view to making it an efficient, albeit profitable enterprise without compromising its socio-economic responsibility.

#### HISTORY OF THE CORPORATION

The Western Nigeria Development Corporation (WNDC) was created in 1949 as the Western Regional Production Development Board. As a creation of the region's legislature, it is endowed with a legal personality distinct from that of the regional government. As a corporate body, it has the power to sue and to be sued in its name<sup>\*</sup>, and to enter into contracts except

<sup>&</sup>lt;sup>1</sup>L.O. Adegbite, "Civil Suits by and against Public Corporations in Nigeria", Nigeria Law Journal, 3 (1960), 41-56.

those that are specifically forbidden by law. It can also purchase, lease, acquire, hold and dispose of lands, shares and other property of whatever kind.

As a public enterprise, it has no shareholders as is the case with the Lever Brothers (Nigeria) Limited. None of its equity capital or debenture stock is held by members of the public. Its capital is provided by the government in the form of grants and/or loans. However, it is given the powers of public borrowing, which it rarely used, and, in a few cases, of partnership investments in joint ventures with the private sector—in what are called mixed enterprises.

As an agent of the State Government, it is charged by law to foster the economic development of the region by the promotion, establishment, operation or assistance of approved agricultural, industrial and commercial projects.

The general expectation is that it should, as far as possible or practicable, carry out its functions with the flexibility of an independent organisation or in a manner befitting a commercial enterprise. However, the *making* of *profits* is not stipulated as the dominant objective of the corporation.

#### ORGANISATION OF THE CORPORATION

So conceived, the management of the WNDC is in the hands of a board of directors, members of which hold, and continue to enjoy, offices at the pleasure of the Minister of Trade and Industry during the civilian regime or the State Military Governor. During the era of party politics (1951-66), members, more often than not, were appointed by the party for a combination of reasons, more important being loyalty and services to the party and loyalty to the leadership although divisional/provincial representativeness in public corporations was also an important criterion, a factor which even a Military Governor could not discountenance.

At the head of the WNDC is the board, presided over by a full-time chairman, often appointed by the Premier rather than the party during the days of civil politics. Between 1949 and 1955, the Corporation had a policy-type board, usually consisting mainly or entirely of members without executive responsibilities but whose tasks are restricted to taking decisions and the general supervision of the professional staff who are servants rather than members of the Corporation. The senior officers of the Corporation including the secretary to the Corporation are appointed by the board except that the appointment of the secretary requires the approval of the Minister of Trade and Industry who, it should be noted, can cause his removal. However, by

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1955, the trend towards a 'functional' board of directors started and remained until January 1966 when the military regime reintroduced a policy-oriented board of directors. The functional board consists mainly or entirely of members, each of whom is charged with specific responsibilities for certain aspects of the Corporation: industries, agriculture and administration. Apart from bringing their various specialised competence and experience to bear upon policy decisions by the board, 'functional' members, designated 'executive directors', are usually responsible for ensuring that such decisions as are approved at periodic board meetings are implemented with precision in the respective administrative and technical fields under their charge.

Two reasons, not altogether convincing, have been advanced by the government for appointing a functional board of directors for the Corporation. The first argument is that functionalism will help to relieve and lighten the burden on the chairman by sub-dividing executive responsibilities, thereby giving the chairman more time for 'planning, general supervision and contacts'. Second, that functionalism is for the better since it follows the pattern that has proved successful in British nationalised industries, some of which bear close parallels to the Corporation. The result is that the membership of the board skyrocketed from nine to thirteen—one full-time chairman, four full-time executive directors and eight part-time directors, all appointed not so much because of their capabilities or exceptional qualifications but merely because of political reliability. The efficiency of the Corporation, as a result, is, therefore, anybody's guess.

#### PERFORMANCE OF THE CORPORATION

The use of public funds available to the WNDC for fourteen years since its inception has been analysed by a student of Nigeria's public enterprises<sup>2</sup>. In this brilliant study, direct investments in agricultural projects were said to constitute the largest item of expenditure (32.8 per cent), followed closely (32.4 per cent) by loans and equity investments in some sixteen private enterprises where it held between 30 per cent to 60 per cent of called up capital. Nevertheless, grants and non-recoverable expenditures on general development, largely expenditures on experimental and pilot schemes, accounted for some one-fifth, namely, 20.3 per cent.<sup>3</sup>

Because the WNDC is mandated "to foster the economic development of the region by the promotion, establishment, operation or assistance of approved agricultural, industrial and commercial projects," the investments

<sup>&</sup>lt;sup>2</sup>O. Teriba, "Development Strategy, Investment Decision and Expenditure Patterns of a Public Development Institution: The Case of the Western Nigeria Development Corporation, 1949-1962", Nigerian Journal of Economic and Social Studies, 8, 2, July 1966.

<sup>8</sup>Ibid., p. 237,

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undertaken by the Corporation, unfortunately for the tax-payers, have covered almost all that can be imagined—manufacture of textiles, aluminium household utensils, cement, drinks, metal window frames, plastics, floor tiles, sugar, asbestos and cement products, mattresses and other beddings, prestressed concrete, biscuits and other delicacies; sale of plastics, gas and appliances; cultivation of rubber, cocoa, oil palm; engineering and construction<sup>4</sup>; estates development and development of water resources; and running of hotels—when it should and, indeed, could have used its funds, with remarkable effect, to cover strategic areas.

That many Nigerian public corporations have not been properly and efficienctly run was manifestly made clear from the reports of the tribunals and study panels appointed by various governments to look into their administrations<sup>5</sup>. More important, the report of the Coker Commission confirmed the widely-held view in many developing countries that politicians have always diverted vast sums of public funds into personal or party coffers and that public corporations provided one of these avenues.<sup>6</sup>

While it could be claimed that corporation board members, more often than not, use their positions to amass wealth illegitimately, it would be preposterous to contend, from this plank, that the *poor* performance of most of the country's public corporations (such as the Nigerian Railways Corporation and the Nigeria Airways) can be attributed *solely* to interference of board members in the day-to-day administration of their corporations:

The performance of any enterprise is determined by the external environment, management, the degree of freedom to fully use such competence, which is in turn heavily dependent on organisational structure as well as the influence, and/or interference of board members<sup>7</sup>.

In effect, the poor performance of most of the country's public enterprises (public corporations and state-owned companies) can be attributed to

<sup>6</sup>Federal Republic of Nigeria, Report by the Coker Commission of Inquiry into the Affairs of Certain Statutory Corporations in Western Nigeria, 1962, (4 Vols.) (Lagos: Federal

Ministry of Information, 1962).

<sup>&</sup>lt;sup>4</sup>The Nigersol Construction Company went into voluntary liquidation in 1971. See A. Akinsanya, "On Lagos' Decision to Sever Diplomatic Relations with Tel-Aviv," *International Problems*, Summer 1978.

<sup>&</sup>lt;sup>5</sup>See Federal Republic of Nigeria, Report of the Nigerian Railway Corporation Tribunal of Inquiry Appointed Under the Tribunal Inquiry Decree 1966 to Inquire into Affairs of the Nigerian Railway Corporation (Lagos Federal Ministry of Information, 1967); Federal Republic of Nigeria, Report of the Electricity Corporation of Nigeria Tribunal of Inquiry (Lagos: Federal Ministry of Information, 1967).

<sup>&</sup>lt;sup>7</sup>M.O. Kayode, "Management of Public Enterprises", in *Public Enterprises in Nigeria* (Ibadan: The Nigerian Economic Society, 1974), p. 96.

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interference of board members, organisational structure, the quality of the personnel, and low staff morale, among other factors.

It would appear that those public enterprises that have been unable 'to pay' their way have some common problems. Several major problems can be discerned in respect of the former WNDC: ill-defined objectives; fundamental non-viability of many projects; political patrons in the appointment of the board and staff members; interference in the day-to-day operations of the Corporation by board members and the 'responsible' ministry, i.e., Ministry of Trade and Industry; lack of suitably-qualified personnel; organisational structure; low staff morale; and lack of coordination between the WNDC and other related corporations such as the former Western Nigeria Marketing Board (WNMB), the Western Nigeria Finance Corporation (WNFC), and the Western Nigeria Agricultural Credit Corporation (WNACC).

Ill-Defined Objectives

When we talk of a public corporation achieving its objectives we must be clear what those objectives are because the achievement of objectives may not always be synonymous with profitability. In a society where the public sector plays a direct and dominant role in the development process, a public corporation may be achieving its objectives and yet be sustaining financial losses in its services to the community. If such is the objective then it should be clearly stated but this is seldom the case. To be sure, the law establishing the WNDC simply states that it shall be its duty "to foster the economic development of the region by the promotion, establishment, operation or assistance of approved agricultural, industrial and commercial projects." These obviously are very wide and vague objectives, with the result that the WNDC can do, and indeed, has done, anything and everything imaginable "to foster the economic development of the region...."

What we want to stress here is that part of the confusion and financial chaos in many Nigerian public corporations including the WNDC can be attributed to the government which does not seem to know what it wants, in our case here, the WNDC to do. While the objectives of the Corporation may be stated in general terms as they are in the Act establishing the institution, they should be translated into particular and quantitative targets by the responsible ministry over a planning period. However, the objectives should be as realistic as possible and worked out in cooperation with the management of the Corporation. Second, the Corporation should be allowed the maximum discretion in choosing the methods such that its planned assignments may be fulfilled. Third, checks on its progress should be regular, not frequent, and followed immediately by remedial action, where this has been shown to be necessary. And, fourth, while direct contacts between the Corporation and the responsible ministry may prove beneficial, and indeed, necessary, they should

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not be permitted to bring confusion into the normal 'line of command' which links the Corporation to the legislature through the responsible ministry. All too frequently, the Corporation executives during the civilian regime complain that they have too many 'masters' [party leader, premier, minister, directors, board members, legislators, permanent secretaries (finance, and trade/industry) and the Press], having different standards of appraising their performance, with the result that they rarely satisfy any one of them.

# Fundamental Non-Viability of Many Projects

Many a time the failure of a public enterprise is due to the lack of a competent and detailed pre-investment survey and market research, namely, feasibility study. Sometimes, the only survey is that made by an interested European machine salesman whose main objective is to sell machine but not the success of the enterprise. To sell his machine, he has to put up such rosy prospects for the enterprise which deliberately ignore some vital considerations. This was the case with most of the projects wholly-owned by the WNDC or in partnership with private-owned industrial companies:

Except for the Apoje Farm Project....detailed investigations of soil. climatic or marketing conditions or prospects were never carried out prior to location; investment decisions were almost invariably strongly influenced by non-economic considerations. With strong political pressures to show quick results, the Corporation sometimes felt obliged to participate in almost any project that came its way or to its notice. Its decision to establish at least one major agricultural project in each of the political divisions of the region irrespective of variations in agricultural potentialities was but one in the long chain of politically motivated investment decisions. 8 In the case of the Pioneer Oil Mills, each of which was estimated capable of handling 1,200 tons of fruit per annum, apathy and sometimes hostility of peasant farmers, location of plants at uneconomic distances from the centre of production of an essentially bulky input, and the lack of efficiently organised collection of palm fruits from widely scattered sources accounted for the dismal picture...in terms of the very small and irregular tonnage of fruits annually processed.9

And, in the case of the now reactivated Lafia Canning Factory at Ibadan, "plants were kept idle half the year round and the maximum of average tonnage of fruits processed per 8-hour shift was 24 compared with the designed and rated average 80." In effect "all the projects in this (industrial)

<sup>&</sup>lt;sup>8</sup>Teriba, op. cit., p. 245.

<sup>9</sup> Ibid., p. 252.

<sup>10</sup> Ibid., p. 253.

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category of WNDC investments sustained yearly losses. Significantly, the heavy losses sustained by the Pepsi Cola factories over their 3 years of operation were, unlike those of the processing industries, due not to insufficient raw material supply but to a lack of demand and hence, over-production in an already congested soft-drinks market."<sup>II</sup> Therefore, it is apparent that the major cause of the dismal failure of most, if not all, the wholly-owned projects of the WNDC is not only inadequate or absence of feasibility studies but also that political considerations largely influenced the location of many of these projects.

There is little doubt that any decision on the continued existence of many uneconomic projects embarked upon by the WNDC or any public enterprise for that matter raises a host of issues: the costs to the public (in the form of taxation) and cost-benefit analysis (in terms of creating regional employment). In other words, how much of the losses sustained by the WNDC can be justified? First, it has been stated that the tax payers cannot justifiably be called upon to maintain indefinitely many of these projects in the name of politics or socio-economic objectives of the government or both. Therefore, such projects that could not "ensure very good returns from the public funds invested" in them should face liquidation. It has also been suggested that they should, in the alternative, be sold to the private sector. with their employees having the option of transferring their services to the new employers or being transferred to other projects that require complete revamping to make them 'pay' their way. Indeed, those who make the suggestion that public corporations should break even or face liquidation are of the view that it does make some sense for the Corporation to sustain its losses once and for all than to have continuous losses that require regular subventions by the government. Perhaps such suggestions are worth experimenting or at least looking into by the Nigerian Government. In any event, the management of the Leyland Motor Industries had had to close down some of its motor plants in the 1977-78 fiscal year as the state-owned company continued to sustain annual financial losses that require regular subventions by the British Government.

However, one way of instilling some financial discipline into the operation of any public corporation is to direct the management of the corporation to borrow directly from the market without government guarantee. To be sure, direct borrowing by a public enterprise without government guarantee makes it subject to the sanction of the market. In fact, the necessity to maintain its credit in order to raise capital on favourable terms is obviously a strong incentive to economical and efficient management.

<sup>&</sup>lt;sup>11</sup>Teriba, op. cit., pp. 253 and 255. The WNDC had to face stiff competition with the Nigerian Bottling Company, makers of Coca-Cola, Fanta and Sprite,

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In Canada, some Crown corporations, such as the Canadian National Railways, have borrowed from the market with the guarantee of the government, in which case the ultimate responsibility for the debt is on the government rather than the management of the enterprise. There are some Crown corporations that are authorised to borrow in their name. The Canadian Wheat Board, for example, may make normal commercial banking arrangements on its own credit, and may, in fact, borrow on the security of the grain held by it. Additionally, some Crown corporations established by the Canadian Corporations Act have, on occasion, financed temporary projects through bank overdrafts without government guarantee, in which case the responsibility for the debt is on the management of the enterprises rather than the government.

The situation in the United States is slightly different. There, the Tennessee Valley Authority (TVA) not only borrows directly from the market without government guarantee; also, the law creating the TVA requires it to make annual payments to the United States Department of the Treasury from net appropriation investments in power facilities plus repayments of such investments with effect from the 1961 fiscal (financial) year. Prior to 1961, the TVA had paid over \$ 185 million of power proceeds to the Treasury. And, in the 1971-73 fiscal years, the TVA paid over \$ 149 million to the U.S. Treasury, and some \$ 34 million in 1972 on non-power proceeds pursuant to Section 25 of the TVA Act. 12

Thus we can infuse some financial discipline into the operation of a public corporation, first, by directing the management of the corporation to borrow directly from the market without government guarantee. Although public corporations have rarely been sued or have not been sued at all largely because they receive regular subventions from the government. Second, the management of a public corporation should be required, by law, to make annual repayments including interest charges on net appropriations by the government. Third, such projects that could not justify the public funds invested to keep them operating should face liquidation while efforts are made to deploy proven employees to other government projects. However, where some projects may be justifiable on grounds of broad national interest, the government should reimburse the corporation the cost of those services it is required to provide, or the cost it is obliged to incur, and which it would not have incurred if it had taken the decision on purely commercial grounds. For example, national airlines are often asked to run routes which they would not have run on economic grounds. The costs of these services are not reflected in the annual reports of these public bodies and these corporations are not reimbursed by the government for rendering such services on grounds of

<sup>12</sup> Annual Report of the Tennessee Valley Authority, Vol. 2, Appendices, 1972, p. 13.

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national interest. This should not be the case but this is what often happens. Thus, when the board of directors of a public corporation is authorised by the responsible minister to provide certain services which the corporation would not have rendered without government subsidies, the minister should be asked to put this order into writing or the board should simply refuse to implement such an order.

Political Patronage

A third problem militating against an economical and efficient management of the former WNDC is political patronage in the appointment of the board and staff members. As we noted above, members of the board are appointed by the minister not because of any requisite experience but largely because of political reliability. Although it may be said that the chairman and the executive directors appointed in 1957-1962 were good in themselves, they did not have the specialised knowledge and experience which their appointments demand. The result is that they were unable to carry out their duties effectively. Since 1962 when the region was plunged into a series of political crises, the calibre of the men appointed to the board had had a disastrous effect on corporate management—because the board could not provide the much-needed leadership to the management of the WNDC and also because the tendency is for the chairman, executive directors and board members to interfere with corporate management, and use their positions to promote the interests of their favourites in the Corporation with disastrous consequences for staff morale and efficiency of the Corporation. As Okunoren (one time secretary to one of the country's public corporations) noted:

Efficient management personnel...can be achieved only if sound personnel policies are operated by the corporations. These policies should be aimed not only at attracting men of the right calibre but also at retaining tried and tested staff in the interests of continuity and stability. This ideal has not been realised because the politician directors, particularly the executive directors, were unable to keep their hands off personnel administration. They claimed a right to determine not only those to be interviewed but also those to be selected. In the process, merit was set at nought and mediocrity enthroned. As for staff promotion, the story was the same. Many industrious and conscientious staff were superseded by less competent colleagues who happened to be favourites of the politician directors<sup>13</sup>.

The government tried to make up for the inadequacy of appointing party functionaries by appointing civil servants to corporation boards. This

<sup>&</sup>lt;sup>18</sup>Z.O. Okunoren, "The Administration of Public Corporations and the Political Factors," in A. Adedeji (ed.), Nigerian Administration and Its Political Setting, London, Hutchinson, 1968, p. 107,

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approach has not solved the matter, because the officials may not be strong enough to influence policy. In fact, they may be consistently outvoted. They are, by training, service-oriented rather than profit-oriented, and are, therefore, cautious, and averse to taking the kind of risks necessary for the success of commercial undertakings. Because of the frequency of changes in posting, they are unable to develop any sense of identification with a corporation; indeed, by the time they get acquainted with the problems of any corporation, they are moved to another, and sometimes higher jobs. Finally, and much more important, there is a tendency for them to act as watch dogs rather than as planners; to be sure, they tend to apply civil service procedures to the corporation, and this has the effect of emasculating initiative.

It would be wrong to think and, indeed, believe that the main problem facing many Nigerian public corporations, namely, the political patronage and interference with personnel administration by board members, could be solved simply by disqualifying political appointees from membership of corporation boards. It is not that political appointments are bad; the problem is appointing political liabilities and sycophants-men who tend to place politics or their interests before those of the corporations they serve. Thus, the major concern of the appointing authority (the president at the federal level and the governor at the state level when and if the 'men in uniform' return to their barracks) should be the quality of members-men who not only must have the requisite experience but also the ability to work 'unstintingly for the progress of the corporation'. These men should constitute 'policy' boards, laying down policies, planning corporation objectives with the management, approving plans for capital development, awarding contracts, appointing only senior officials but leaving the day-to-day administration to the management. This should not be a problem since the president is to appoint board members of federal public corporations on the advice and consent of the senate under a new constitution which is to emerge at the return to civilian rule. Additionally, the practice of appointing busy top civil servants as board members, although good per se - since it allows for, and indeed, ensures public accountability of the public enterprises concerned should be stopped and, indeed, discouraged by the government.<sup>14</sup> Henceforth, top civil servants should be appointed as ex officio members, their role being only to offer policy advice.

Organisational Structure

Here our main concern is with the pattern of responsibilities, namely, a framework within which, and by means of which, the process of management

<sup>&</sup>lt;sup>14</sup>See C.O. Lawson, "The Role of Civil Servants in a Military Regime," Quarterly Journal of Administration, 8, 2, January 1974; P. Sanwo, "Who Should Run Public Corporations?" Daily Times, Lagos, May 3, 1975; Akinsanya, "The Military Regime, Top Bureaucrats and What Next?: The Nigerian Case," Geneva-Africa, 15, July 1976, pp. 57-77.

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can be effectively implemented. The structure of the WNDC, as we noted above, was one in which the board of directors is on top, followed by the general manager (GM), followed by departmental managers, and last, the departmental deputy managers and the supporting staff. In a situation where you have a full-time chairman and four full-time executive directors, during the civilian regime, the effect on management can only be too clear. The fact is that they constituted bottlenecks in the way of efficient management, especially when it is remembered that they were appointed not because of any special skills but because of political reliability. The problem is compounded by the relationship between the chairman and the party leader or between the chairman and the Premier or both, or the relationship between the responsible ministry and the board or that between the ministry and the management on the other—a relationship that does not make for quick decisions and efficiency, required for the success of commercial organisations.

Therefore, it is in the best interests of the tax-payers that board membership of Nigerian public corporations should be part-time. Board members should lay down broad policies (consistent with the policies of the appointing authority) leaving the day-to-day administration to the GM. Of course, it is possible that a part-time chairman, with an imposing personality, could make things a lot difficult for the GM. While this should not happen, cases of dispute between the GM and his chairman should be referred to the appointing authority for ruling.

Second, while it is necessary, for reasons of public interest, that a government department be a reporting agency to the legislature, the nature of the relationship between the department and the public body should be one that would prove beneficial to the latter. Indeed, the management should be allowed maximum discretion in choosing the methods by which to achieve the objectives for which the corporation was established by the legislature. Although the responsible ministry could and should set particular and quantitative targets for the corporation over planning periods, the targets should be as realistic as possible, and indeed, worked out in cooperation with the management itself. Third, the practice of appointing 'inside' directors, that is, corporation officials as board members should be vigorously introduced in the country's public enterprise system. In the first place, such a practice, which has worked well in many developed market economies, would allow for a cross-fertilisation of ideas between the workers and the management. and second, it would certainly give corporation officials a sense of involvement, and indeed, identification in the decisions affecting them and the corporation of which they are a part.

Lack of Qualified Personnel and Low Staff Morale

We have referred to the tendency of the politician-directors to interfere

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not only with personnel management but also with the day-to-day administration of many public corporations. The politician-directors interfere with personnel management not because they are inherently bad but because of the nature of their appointments and their qualifications for these appointments. In any event, if public corporations or any corporation can tolerate irresponsible boards of directors (who are criminally liable for their short-comings) or do without them, one thing they cannot do without is an adequate number of skilled and effective managers as well as competent supervisory staff. As Forbes put it succinctly:

The one clear lesson after a study of fifty years of U.S. business is: If a company has nothing good for it except one thing—good management—it will make the grade. If it has everything good for it except good management, it will flop<sup>15</sup>.

Therefore, one major factor affecting the performance of many public enterprises in the less-developed countries is the shortage of men with requisite experience, due partly to the absence of an indigenous commercial and industrial community—men with effective managerial skills, with the practical knowledge of the trade or industry—and partly because the private and public sectors have to compete for high-level manpower resources in the same labour market, and in any event, the private sector is able to employ a large number of technically-competent personnel because it is able to offer fat salaries and lucrative service conditions than the public sector is able to offer.

Of course, it is possible, as is the practice in India, to have top civil servants transferred to public enterprises. Although they may be, and indeed, are good administrators, they would fail as business managers without further training in business techniques or financial management. Part of the problem of many Nigerian public corporations is the way the senior posts in the colonial civil services were indigenised without proper and adequate training and planning as one sees in many Anglophone public services. Yet human resources investment is very important in many public enterprises where most of the middle-level management posts are highly technical, and, therefore, require longer periods of training. In effect, such officials as those who took over from the departing expatriate officials as well as officials who were transferred from the public (civil) services could make a success of their jobs if complemented by cost-accountants, production engineers, project appraisal

<sup>15</sup>Forbes, Fiftieth Anniversary Issue, September 15, 1967.

<sup>&</sup>lt;sup>16</sup>See Adedeji, "Training for Development Administration in Western Nigeria", *Journal of Administrative Overseas*, 8, 2, April 1969, pp. 111-123; Akinsanya, "The Nigerianisation of the Western Nigeria Higher Public Service,", Ph.D. dissertation, The University of Chicago, 1973, pp. 127-145.

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economists and other professionals who can only be produced by the public enterprises themselves through in-service training/staff development programmes.

Therefore the success of any public enterprise hinges on the availability of an adequate number of highly-qualified and technically-competent personnel. Thus, when the Chilean Government under the leadership of Dr. Allende decided to nationalise all the major alien-owned copper mining enterprises and convert them into public enterprises, there was little doubt that the Government was aware that the country had technically competent nationals to manage these enterprises efficiently, and effectively too. Unlike the situation in Chile, the Velasco regime in Peru nationalised many alien-owned enterprises because of the rising tide of economic nationalism although the expropriatory measures raised the question as to how far the Peruvian Government could go in its nationalisation campaigns since the country does not have an adequate supply of highly-trained Peruvians to manage these nationalised enterprises<sup>17</sup>.

Since it is agreed that the success of any public enterprise hinges on the availability of an adequate number of skilled and effective managers, it is the duty of the boards of directors of public enterprises to recruit, appoint (and by extension, promote) the best man for the job—the criterion being competence and ability to perform a particular job. Appointing men solely because of political considerations (ethnic/geographical representativeness or what have you) will not only damage staff morale; it will also and certainly inflict incalculable damage on management, productivity and efficiency of the public enterprise concerned.

Furthermore, because any reform of the personnel system should aim at improving individual and group productivity, personnel policies must aim at continuous training and development of every employee from his recruitment to retirement. This is with a view to liberating the will to work, and cultivating that state of mind which expresses itself in loyalty, enthusiasm, devotion to duty, cooperation and pride in one's organisation. It has been said that the Japanese employee in corporate enterprise has these qualities—and there is little doubt that such qualities have contributed in no small measure to the success of Japanese business.

Additionally, because we believe that any reform of the personnel system should aim at improving individual or group productivity, this aim could also be accompanied by developing the right motivation in employees

<sup>&</sup>lt;sup>17</sup>See Akinsanya, New Nations and Expropriation of Foreign Property. Case Studies in International Law (Forthcoming).

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through: (a) a sense of security—not necessarily economic security, but security in knowing what is going on; that one's work is wanted; that one is part of a group, and that one's boss and colleagues are not going to be capricious; and (b) a sense of success, achievement and recognition—a feeling that one is making progress; that there is a general acceptance of one's work; that one is achieving what one sets out to achieve, and that advancement depends solely on merit.

Finally, an effective communication system is also indispensable, and in fact, a sine qua non to greater group productivity. To be sure, corporation employees will work better if they know what is required of them, how their work ties with corporation objectives, and when changes are likely to take place. Indeed, employees will work better if they feel free to discuss their problems with their supervisors and to contribute to decisions that affect their work. Workers' participation in management will not only result in the elimination or reduction of alien interests and promotion of personal fulfilment: workers' participation in management may also help managers to identify workers suitable for promotion, thus leading to a better utilisation of the human resources of the corporation. Indeed, workers' participation in management may act as a spur to managerial efficiency and, in fact, foster more cooperative attitudes between employees and the management, thus raising efficiency by improving teamwork and reducing loss of efficiency arising from industrial conflicts. Additionally, workers' participation in management could be seen as a means of distributing power within the enterprise more equally, and of handling conflict of interests by democratic procedures18.

Lack of Coordination

One other problem identified in the administration of the former WNDC is a lack of coordination of the objectives of the Corporation and those of other related corporations such as the former Western Nigeria Finance Corporation (WNFC), and the former Western Nigeria Agricultural Credit Corporation (WNACC). The result is that each corporation has been going in its own direction. However, responsibility for this sense of misdirection lies not so much with the corporation executives or their boards of directors but with their creators, because if you create an organisation, you also create its defenders.

One way of containing this problem is to establish a committee of top officials of these corporations to explore the avenues of cooperation, and indeed, coordinate the activities of their respective corporations and reduce

<sup>18</sup>See R.M. Powell and J.L. Schacter, "Participative Management—A Panacea?" Academy of Management Journal, 14, 2, June 1971, pp. 165-173.

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the areas of conflict. Having said that much, it should be noted that there is no justification, from a management or economic standpoint, for creating the former Western State Agricultural Investment Corporation to take over the operation of all the agricultural projects wholly-owned by the former WNDC. To be sure, it was in the interests of the economies of large-scale production to consolidate the former WNDC, the former WNFC and the former WNACC into one corporation—in the form of a Swedish holding company, creating separate division for each operation. The merger of these related corporations will result not only into a more efficient operation and better service to the consumers; it would also result in an effective utilisation of human resources while financial losses would be reduced to the barest minimum, assuming the corporation could not break even.

By the same token, all Nigerian public enterprises having similar objectives or operating in the same sector of the economy should be merged for the same reasons given above. In the former Western Nigeria, it was in the best interests of the tax-payers that the former Western Nigeria Printing Corporation and the Sketch Publishing Company (publishers of The Daily Sketch and The Sunday Sketch) should have been merged with the former Western Nigeria Government Press. What we are saying is that there is no justification, from a management or economic standpoint, for the establishment of any government-owned publishing company if all that the company does is to reflect the views of the Government in its newspapers, an objective which can best be handled, and effectively too, by the Ministry of Local Government and Information. In fact, corporations set up to operate the mass communication should be merged together-radio, television and press—and in their places should be created a mass communication corporation responsible to the legislature (which provides annual appropriations) through the government. Thus, instead of having three or four boards of directors, we would then have one board of directors although its composition must be broad enough to accommodate the interests of the practitioners of the profession, the private sector, the government, trade unions, students' organisations, universities, women's associations and farmers.

Similarly, the Nigerian Ports Authority (NPA), the Nigerian Railways Corporation (NRC) and the Nigeria Airways should be merged together just as the former Electricity Corporation of Nigeria (ECN) and the Niger Dam Authority were merged to form the National Electric Power Authority (NEPA) although with what success remains to be seen. In any event, since the NPA, the NRC and the Nigeria Airways provide transportation services to the public, there is every justification, from a management or economic standpoint, to merge the three institutions into one conglomerate which can be called the Nigerian Transportation Corporation having divisions for sea, air, land and rail services. One major reason why the NRC has been sustaining

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annual losses is not so much because its services are poor, slow or inconvenient but largely because the Railway Corporation has been, and is still facing competition from long distance road haulage system. One way of solving this problem is to nationalise the long-distance road haulage system which should not compete with the railways but should complement rail services. Having said that, it seems to us that there is no economic justification in bringing sea. rail, land and air transportation under a common umbrella if the rail and air services are not going to be modernised, revamped to serve the needs of the times. Those in charge of rail and air transportation should make vigorous efforts to redeem the image of the services which they provide through improved, courteous and modernised services, using the mass media to popularise the changes that have been effected in order to encourage people to use their services. For example, many Nigerians travelling to London prefer to travel by British Caledonian not because they are less nationalistic than those who travel by Nigeria Airways but because its services are poor, its flight attendants discourteous or just plain rude while its flights never leave on time and little attempt is made to explain the delay to would-be passengers.

#### CONCLUSION

We have attempted a management audit of the former Western Nigeria Development Corporation, and in the process highlighted some of the problems facing many Nigerian public corporations and state-owned companies. Various suggestions have been made in this paper to reform the country's public enterprises. These suggestions are very modest, considering the stage of development and technology in Nigeria and their applicability. We need to stress here that it is not enough to promulgate reform measures in an organisation. The people working in such an organisation must embrace such measures and must be well prepared for the change, which must come any way.

# MANAGEMENT IN PUBLIC ENTERPRISES

Management problems in public enterprises are numerous, for reasons not always controllable by local management. There may be external forces materially affecting sound decision-making, planning, and control.

> -Handbook on Government Auditing in Developing Countries, United Nations, 1977

# Understanding Administrative Leadership in Large Scale Enterprises

Morton R. Davies

THE success of any enterprise depends upon many factors, but none more important than the qualities of leadership exhibited by the administrative cadre. Any programme of activity, whether in developed or developing societies, and whatever the nature of the organisation's activity, is dependent for its success on the emergence of leaders and leadership at a variety of levels. Political leadership in the broadest of sense must develop to provide the enterprise with a sense of direction, purpose and priorities. Such leaders will range from the politicians who emerged to 'take charge' of public enterprise and government departments, to the boards of directors responsible for business and industrial organisations in the private sphere. In both cases they will liaise closely with, and be assisted by, senior administrators at the top of the work organisation who also must provide a form of leadership. These two will determine policy for the enterprise, and will be highly involved in the interface between the organisation and its environment. For the success of the whole enterprise the quality at this level of leadership is extremely important. Success can only be achieved if the 'right' policies are agreed upon, if the appropriate priorities emerged, and if the environment is properly understood by the decision makers. These factors can, of course, be analysed and judgements made but, in practice, success or failure at this level often depends upon the almost fortuitous occurrence of such things as the 'right man' at the 'right time' in the 'right job'. In other words it depends on such things as will, judgement, commitment, vision and circumstance-some of which develop with experience, but few of which can be easily specified in detail beforehand.

To distinguish between the different kinds of leadership functions it is useful to distinguish between 'the enterprise' and 'the organisation'. The former is the more comprehensive term embracing *ideas and ideals* which give an identity to a body of activity, which determines not only its relations with its environment but also what work is done, by whom and for whom. The term 'organisation' is used more restrictively to identify those elements of the enterprise responsible for *executing* policies, *achieving* goals and *realising* 

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objectives. That is, the term 'organisation' refers to the structures within which the work of the enterprise is undertaken.

### LEADERSHIP OF THE ORGANISATION

This distinction separates aspects of a programme of activity which must cohere if success is to be achieved. But it is useful to identify some of the different kinds of leadership required to bring about successful corporate human activity. Political and senior administrative leadership has already been discussed; it is indispensable to the success of the enterprise and is likely to affect the operation of the organisation. Administrative leadership, or leadership of the 'organisation', occurs at a different level and performs an essentially different function. It occurs at what is usually referred to as the middle management level, among staff who have supervisory responsibilities and executive powers within the department, agency or office. The function of administrative leadership is to encourage and control their staff and colleagues in a way that optimises the performance of the 'organisation'. Political leadership and administrative leadership are not unrelated or mutually exclusive, but involve different orientations to action. The former are much more concerned with politics and policy, whilst the latter concern themselves with work, its organisation, and the interrelationships of the people immediately involved. Quite often this distinction can be seen by looking at the structure of an enterprise, especially those that are characterised by a high degree of centralisation or central control. Political leadership occurs most frequently at or near the centre, whilst administrative leadership, although existing to some degree at all levels and in all locations, is most clearly seen among field administrations, such as a local office or department. This is the kind of agency most likely to suffer from a pervading sense of isolation, subordination or non-involvement among its staff. Directives from the centre may be seen as impersonal demands from a 'faceless' bureaucracy who appear not to fully comprehend local circumstances or difficulties. Such a situation would seriously undermine the esprit de corps of the local agency's staff, and thereby reduce their organisational effectiveness. Care to avoid such a development is not solely the responsibility of the locally based administrative leaders. Much can be done from the centre to discourage a sense of uninvolvement and lack of concern at the periphery by developing an appropriate style of central control. But inevitably local administrative leaders have to take positive steps to create an appropriate set of attitudes, perceptions, and relationships among their staff to make the local organisation an effective administrative agency.

Within any enterprise it is imperative that administrative leadership at this middle level is developed. Leadership ability among those who have supervisory responsibilities and executive power is essential to bring about the 1034 MORTON R. DAVIES

successful conclusion of policies and programmes. In this sense these middle level, administrative leaders are the agents of development. The focus of this paper is an analysis of current theories about their leadership role within their own organisations. It is worth noting that frequently such leadership roles extend beyond the organisation to its client groups and even to the community at large.

A definition of the administrative or management process might be that of coordinating the activities of men in an organisation, and of using resources to achieve the objectives which have been authoritatively agreed upon. To do this some sort of leadership is essential. Men, money and materials—the tools of administration—will be of no value in attaining common goals within it. In this sense leadership is an all-pervading characteristic of an organisation, involving a variety of skills and qualities, only some of which can be acquired through systematic study of the behavioural and other sciences; the others develop only with experience and in response to the personal characteristics of the individual leader and the circumstances within which he has to operate.

This inevitable combination of the personal and the behavioural is reflected in the generality of definitional statements by various writers in recent decades. For example, Dinock says, "Leadership may be simply defined as all the means by which individuals are motivated to achieve group goals." Whilst Haiman claims "Leadership refers to that process whereby an individual directs, guides, influences, or controls the thoughts, feelings or behaviour of other human beings". And Browne and Cohn—"Leadership is the process of influencing the activities of an organised group in its efforts towards goal setting and goal achievement<sup>3</sup>".

Despite their generality these statements indicate clearly the minimum conditions for leadership to appear, viz., a group of persons, with a common goal performing different specialised roles. It is assumed that leadership is a process of influence which is only maintained through time to the extent that it can adapt itself to changing situations. The next important question is to identify how influence is achieved, and here again the definitial statements give a lead in finding an answer. The leadership function consists in motivating and coordinating the activities of the individuals in the group. The leader's task is to develop a sense of commitment amongst his staff and thereby to influence the process of setting and achieving goals. Much of the discussion of leadership in administrative situations has concentrated on the

<sup>&</sup>lt;sup>1</sup>M.E. Dinock, and G.O. Dimock *Public Administration*, 1953, p. 231. <sup>2</sup>F. Haiman, *Group Leadership and Democratic Action*, 1951, p. 4.

C.G. Browne and T.S. Cohn The Study of Leadership, Illinois, 1958, p. 33.

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question of how this task is best achieved, how leaders can best exert influence, and how subordinates can best be socialised into considering themselves part of the 'organisation's team'.

The assumptions made about the nature of leadership will affect the whole performance and ethos of an organisation, and in some instances. these assumptions will even affect social and political decisions concerning the design of institutions serving the country as a whole. For example, in Britain the widespread belief in the 19th and early 20th centuries that leaders had certain basic characteristics which they possessed by virtue of their birth or early environmental influences resulted in a differentiated educational system, part of which devoted itself to developing those features considered most desirable in leaders. It was only with the experiences of the first half of the 20th century, particularly of the two World Wars in which leadership capabilities were displayed by many people from various origins and educational backgrounds, that led to successful challenges to these traditional assumptions about leadership in Britain. In the decades since World War II this has had an important effect on ideas about such significant activities as selection procedures for the government service, the management of industrial enterprise, the structuring of the educational system, and the selection procedures for officers in the armed forces.

Even so the discussion and the practices remained confused. The fundamental questions about leadership, generally, and administrative or managerial leadership, in particular, remain. Students have variously speculated that the secret of successful leadership lies in the style of the leader, the nature of his task, the situation in which he finds himself, or in the traits of his personality. Unfortunately (or fortunately depending on one's point of view) these fundamental questions cannot be answered in a purely technical fashion. Judgements about leadership inevitably involve judgements about the nature of society and the proper relationships between man and man. Theorists offering one kind of explanation rather than another often do so as part of a (sometimes unstated) treatise about society, human nature and 'the good life'. To search, therefore, for a definitive analysise of leadership which provides ready answers to organisational problems is likely to be a fruitless task. The most one can hope for is that a better understanding of the general phenomenon will facilitate better solutions to individual problems of management and leadership.

#### THEORIES OF LEADERSHIP

Through time many students of organisations and organisational effectiveness have offered different kinds of explanations of successful leadership.

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Trait Theories

The classical or leader-centred approach was predicted on the view that the individual leader is of greater significance than the situation in determining successful leadership. It was felt that if the distinguishing characteristics of successful leaders could be identified, then, even though such men are born rather than systematically created through management training programmes, prima facie there would be some evidence to assist in the selection of good leaders. The leader, in this approach, is regarded as someone with extraordinary qualities and abilities, and it is also held that these are the most important factors in the organisational setting.

Attempts to provide an empirical basis for this theoretical orientation have provided only limited evidence. That leaders have individual characteristics is clear enough, but that all leaders have the same or even a common core of personal characteristics is seriously in question. The many empirical studies conducted in the first half of the twentieth century revealed that of all the characteristics identified amongst leaders only 5 per cent of them were common to all. In part this may result from the methodological and epistemological problems surrounding this kind of research; that the different investigators had different purposes, expectations and values and therefore fashioned their research methods and instruments accordingly. More likely though, this lack of consensus suggests that there is no common set of leadership traits, because leaders emerge from a variety of sources, and that particular organisation settings demand different kinds of leadership traits.

The empirical studies in toto identify a vast number of traits ranging from energy and faith through sociability and integrity to courage and imagination. They are generally agreed only upon a limited number of traits, such as intelligence, self assurance and initiative. These form at best necessary rather than sufficient qualities for a successful leader. In fact they provide little practical guidance because their general character is too imprecise as a basis for action or understanding. Those responsible for selecting to leadership positions need to know how much and in what proportions these qualities are necessary. Even then the empirical base of these trait theories would remain weak because of the large number of exceptions of successful leaders who do not possess these qualities or of individuals who do possess them but are singularly unsuccessful leaders.

The perceived shortcomings of trait theories led students of leadership to broaden their horizons beyond the qualities of individual leaders and to look at different styles of leadership, and the wider settings of the organisation itself.

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Style Theories

The assumption underlying these theories is that the style adopted by management affects the performance and productivity of the employees. It is argued that in organisations where the power to decide, control, arbitrate, reward or punish resides exclusively with a leader or group of leaders the workforce will not produce as much or cooperate as well with management as in organisations where these functions are shared. The two styles of leadership are often referred to as *authoritarian* and *democratic*. The former exists where the authority within the organisation rests exclusively with the leader; the latter occurs where powers and responsibilities are shared among leaders and subordinates.<sup>4</sup>

In general the terms 'authoritarian' and 'democratic' are avoided by these writers, because of their emotive and political connotations. They must be used with caution, and care must be taken to distinguish their use here from that in the more usual political-ideological context in which they occur. As used here they are simply functional categories related to the problem of optimising organisational performance, and it is conceivable that a leader whose personal preferences lean towards an authoritarian style. may nevertheless adopt a more consultative, 'democratic' approach in order to achieve his organisational objectives. Many commentators have abandoned these terms in favour of more neutral ones like 'structuring', 'supportive', 'participative', 'consultative', etc. However, the original terms will be used in this paper despite their politico-ideological associations. As has already been argued there is no necessary relationship between an individual leader's. or group of leaders, decision to adopt a particular style of leadership and his (their) socio-political views. Even so a decision to adopt one style of leadership rather than the other must be based upon certain assumptions concerning what motivates subordinates generally or more particularly those in the organisation with which one is concerned. For example, a commitment to a democratic style of leadership may arise from an appreciation that an opportunity to participate in decision-making, etc., will help to satisfy the individual's needs for self-actualisation and esteem and therefore make him or her more cooperative and productive through a greater sense of motivation. More simply the commitment may arise from the belief that participation stimulates the individual worker by adding variety to his work experience, and thus produces more effort by him.

Proponents of a democratic style of management claim that it is correlated with subordinates' satisfaction, that it is most often the preferred style of subordinates, that it reduces intra organisational group conflict, and results in

<sup>&</sup>lt;sup>6</sup>The leading exponents of this kind of distinction include Douglas McGregor, The Human Side of Enterprise, McGraw-Hill, 1960. R. Likert, New Patterns of Management, McGraw-Hill.

fewer grievances along with a lower rate of staff turnover. However, the evidence is not entirely incontrovertible. The perennial problem for all social science research—that of establishing causal relationships—arises here. The thesis is that a democratic style of leadership leads to a more effective organisational performance, whereas it can be argued that effective performance by a well motivated work force encourages and facilitates a democratic style of leadership. Substantively the evidence of improved effectiveness in production units is not as great as some advocates suggest. The productivity differential is, on average, no more than 15 per cent, and experimental studies, where the style of leadership has been deliberately manipulated as an experimental variable, have produced inconclusive results.5 Moreover, there is strong evidence to suggest that individuals who possess low aspirations for autonomy, and groups whose cultural backgrounds embrace the norms of hierarchy rather than participation with leaders find an imposed structure and directions from superiors preferable. In particular, an authoritarian style of leadership can, in the short term, achieve significant improvements in an organisation in which the work tends to be repetitive and routine. This tends to be accompanied by a low morale amongst the workforce, but the additional claim that this low morale leads to a deterioration in organisational performance in the long run is unsubstantiated.

The available evidence suggests that a 'democratic' style of management in circumstances where the orientations and expectations of the subordinate staff are participative rather than submissive is likely to facilitate a higher degree of contentment within the organisation; and whilst this is not to be equated with greater effectiveness it provides a good base on which to build. Style alone, then, does not provide an adequate explanation of effective leadership, and overall organisational effectiveness is dependent upon more than the adoption of a particular leadership style.

# Situational Theories

The situational approach is based on the view that the existing set of conditions will define by whom and in what manner leadership will emerge. In any given situation one leader or set of leaders using a particular style will emerge; but as the situation changes so will the leaders and/or the style they adopt. The most recent attempts to refine this hypothesis have been made by writers such as F.E. Fiedler,<sup>6</sup> and E.P. Hollander and J.W. Julian.<sup>7</sup> The view of these theorists is that the earlier theories of leadership have contained some elements of truth about leadership, but have concentrated too

<sup>&</sup>lt;sup>5</sup>See C.B. Handy, Understanding Organisations, pp. 92-3, Penguin, 1976.

<sup>&</sup>lt;sup>6</sup>F.E. Fiedler, A Theory of Leadership Effectiveness, McGraw-Hill, 1967.

<sup>7</sup>E.P. Hollander and J.W. Julian, "Contemporary Trends in the Analysis of Leadership Processes", Psychological Bulletin, Vol. 71, No. 5, May 1969, pp. 387-397.

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much on narrow single factor explanations of the phenomenon. To these existing explanatory hypotheses they add the important dimension of the interaction between leaders and subordinates. Leaders influence their subordinates in this interactive process, and their reactions, in turn, have an impact on the leaders' behaviour.

Fiedler, in particular, suggests that an understanding of this relationship between the leader and the group, along with an appreciation of the nature of the task, are the most important considerations in deciding upon the most appropriate, *i.e.*, the most effective, style of leadership. After analysing leadership situations in a variety of organisational settings he drew a number of conclusions concerning the most appropriate leadership style. For example, an authoritarian style was most effective when the situation was either very favourable or very unfavourable to the leader; whereas a democratic style worked best in a situation which was only moderately favourable to the leader. The favourableness of a situation was determined by the extent to which a leader is likely and trusted by the group, how well defined the tasks to be accomplished are, and the extent of the power of the leader *vis-a-vis* the group, *i.e.*, the extent to which he could impose rewards and punishments at his discretion, and the extent to which he could in this respect rely upon organisational support for his decisions.

The rationale for these conclusions is fairly clear. The strong leader, who has a clearly defined task and is well respected by his group is in a good position to direct the operation, and might well be expected by his entrepreneurial superiors to get on with the job on the basis of more or less unilateral decision-making. The leader whose position is weak relative to his subordinate group and whose task is not clearly defined might also be well advised to adopt an authoritarian style lest he relinquish all influence on the operation, and further weaken his position vis-a-vis the group. The leader who has a fairly good relationship with his group, but confronts a poorly defined task, might well find it strategically advantageous to adopt a democratic, consultative style. In this way he could reasonably expect to encourage the group to offer constructive contributions to the work at hand.

The implications of this analysis are clear. Entrepreneurs can do a great deal to enhance the effective performance of leadership functions. Where an authoritarian style seems desirable, organisational tasks must be clearly defined and well structured so that all concerned are aware of what is involved, and of the organisational expectations upon them. Second, there must be a clear identification and strengthening of the formal power of the leader vis-a-vis this group. And, third, the adoption of vigilant and flexible personnel practices which will enable the composition of the group to be changed to produce a more favourable climate within which the leader can operate.

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In any situation there are four factors which must be considered by a leader having to decide on how best to exercise his influence. These are the leader himself, his subordinates, the task to be done, and the environment or organisational setting of an activity. Since all of these are variable factors, and have to be brought together in all organisations it is improbable that any one style of leadership will be superior, or even suitable, in every situation or for all purposes. It is likely, therefore, that leadership will be most effective when a degree of congruence exists between the characteristics and demands of the four variables. To achieve this an appreciation of these characteristics is imperative and a conscious effort at adjustment of the factors must be made.

The leader's perceptions of his role(s) within the organisation will depend primarily on his own general value system, and especially his views on the extent to which subordinates should be involved in planning, deciding and controlling the organisation. His general ideas on what a leader's job ought to be, and the relative importance he attaches to such factors as personal success, the satisfaction of subordinates and the efficiency of the organisation will all affect his way of defining his relationship within the organisation. In a more immediate sense he will be affected by such things as his confidence in his subordinates, and his assessment of his own importance to the organisation. If he feels satisfied concerning the technical competence of his subordinates and that they can be relied upon to fulfil their tasks he will be more likely to pursue a 'democratic' style. On the other hand if he assesses his personal contribution to the organisation to be vital and indispensable he will probably promote an 'authoritarian' style.

It is usual, particularly among managers and other personnel who raise questions about the most effective or most appropriate style of leadership for an organisation to assume a degree of flexibility and choice concerning that style. However, in practice the flexibility and choice is limited because every leader develops a set if preferences or ways of operating which he finds most conducive to his performance. These will be related on the one hand to his value systems and on the other to his psychological predispositions as well as certain environmental factors. Usually, for example, a leader who works under pressure, either real or imagined, will incline towards a more authoritarian style. This is particularly so if he or the situation demands a great deal of certainty concerning organisational outputs. In these circumstances the leader is likely to feel the need to maintain a tight control over the organisation in order to ensure the predictability of those outputs. The fewer the risks the leader is prepared to take, the more likely he is to adopt an 'authoritarian' style, and such personal considerations as these are likely to have a decisive effect on the relationships he developes within the organisation.

Similarly the values and perceptions of the subordinates will affect

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organisational relationships. The more competent they feel themselves to be, and the more professionalised they are as a body, the more they will want to control their own, and, therefore to the extent of their contribution, the organisation's activity. In general too the more interest the staff have in their work and its organisation, and the more important they consider it to be, the more they will want to be involved in the planning and decision-making of the organisation. In particular, the more this is so the less likely they are to be satisfied with involvement only in the trivia which surround the organisation's activity.

Past organisational experience is likely to influence their expectations greatly. The way they judge their peer group and assess their past involvement in the organisational setting will affect the demands they make at any particular time. The more *esprit de corps* and therefore the more likelihood of demands for involvement.

In most work situations there develops between the individual and the organisation a set of expectations which define their respective rights and duties. These expectations, sometimes referred to as the psychological contract, often grows out of, or is implied in, the legal contract between the employer and the employee, and is also affected by the various other organisations to which individuals belong which are in some way related to their work situation. In particular their professional associations, and the organisations in which they received their initial training and, therefore, where they were socialised into certain expectations concerning their position during their professional careers. One might expect that the more specialised the skill, the more differentiated the training for, or recruitment to, the jobs the more likely are the subordinates to demand a degree of involvement in the organisation as such. Perhaps this tendency is more marked today than in earlier periods because of the generally more liberal attitudes towards human relationships in society. The democratic,8 participative orientation in many contemporary societies reinforces the tendency towards greater involvement.

The nature of the task inevitably has an effect upon the style of leader-ship and the organisational relationship which ought to be adopted. A routine task involving pre-determined outcomes about which there can be little discretion for operatives is most easily accomplished through authoritatively set out work schedules for the staff. On the other hand, organisationally important tasks involving creative solutions which are technically or conceptually complex may only be possible within a more 'democratic' set of organisational relationships.

<sup>&</sup>lt;sup>8</sup>The word is used here in its mere usual political/ideological sense and should not be confused with its use elsewhere in this paper to refer to a 'style of organisational leadership'.

These three elements will not necessarily come together to produce a consensually agreed 'style of leadership'. When this happens some kind of adjustment becomes necessary to enable the organisation to function or continue functioning. In extreme cases a leader with 'authoritarian' preferences and subordinates with 'democratic' inclinations may find it impossible to achieve the necessary degree of adjustment, or occasionally it may not be possible to solve leadership crises by redefining the task of an organisation, or by developing the work group to bring it into line with the other variables. Such situations within an organisation (i.e., an unit within the total framework of an enterprise) is usually symptomatic of more fundamental difficulties within the enterprise as a whole.

The enterprise, therefore, provides the environment within which the leaders have to evolve their 'style'. The amount of freedom the managers, or the leaders, have in choosing a 'style' depends upon many factors beyond their control. Some have already been discussed but others can be identified within the general environment. The leader will be conditioned by the formal definition of his power position within the organisation. The more clearly it is defined in terms of his expertise and professional skills the more freedom he has to 'select' a leadership style. Similarly, particularly in large enterprises, certain norms of behaviour develop over time, and to these the managers are expected to conform. In turn these supposed norms have a decisive influence on the management styles adopted in the various sub-units or organisations attached to the enterprises. Indirectly, norms concerning rewards and punishments, modes of address, etc., contribute a great deal towards the definition of organisational relationships.

The formal structure of enterprises again has an influence. Decentralised organisations tend to allow individual managers a great deal more scope to adopt or adapt their leadership styles and tasks than do highly centralised enterprises.

## CATALOGUE OF BASIC FUNCTIONS

Clearly, leaders or managers in large enterprises are confronted by a complex situation which cannot be easily analysed and is constantly changing. Perhaps the ideal is a leadership whose style is sufficiently flexible to accommodate these factors; however, in practice it should cause little surprise if managers, facing the complexities, decide to adopt relatively inflexible attitudes, as far as possible, limiting the influence of subordinate actions on their behaviour and imposing their preferred style of leadership. Even so it has been amply demonstrated in the literature on management theory that an individual leader's ability to adopt an appropriate style is largely dependent on his relations with his subordinate group, and in the light of the inevitably changing

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nature and composition of the group, he must devote considerable energy and time to building up that relationship. This being so, leadership *per se* can be divided into a catalogue of basic functions which ought to be attended to for any degree of on-going success to be possible.

- 1. As much as possible must be done to enhance the feelings of subordinates of their personal worth and importance to the success of the organisation.
- 2. Efforts must be made to encourage subordinates to develop mutually satisfying relationships.
- 3. The leader must emphasise the importance of organisational goal achievement and encourage, within his group, the desire for excellent performance.
- 4. He must facilitate such performance by ensuring that the organisation's tasks can be performed under optimum conditions. These can be achieved by adequate cataloguing, coordinating and planning of resources.

# INNOVATION IS ERROR PRONE

Any organisation, public or private, has built into it at any time a wide repertoire of actions that it can perform, under the appropriate circumstances. This routine repertoire can be variegated, effective, and flexible. Presumably, by innovation, we mean doing something other than what is in this repertoire. The normative tone associated with the concept of innovation regarding public services reflects the widely-held feeling that for most of these the current repertoire is not good enough. Satisfactory performance requires something new. Innovation involves the thinking about, getting set up to try, trying, evaluating, modifying, getting to work, and ultimate building into the repertoire of a new way of doing something. One might note that there is no guarantee that something new will give satisfactory performance. Innovation always is a complex and difficult process. Attempts to innovate are innately error prone.

—Innovation and Implementation of Public Organizations, Ed. RICHARD R. NELSON/DOUGLAS YATES, Lexington Books, Toronto

# The Problem of Autonomy and Control in Public Enterprises in India\*

S.N. Puranik

DUBLIC enterprises constitute an important sector of the Indian economy and occupy a commanding position particularly in the field of industry and commerce. In India, they have been organised in three forms, namely, (i) departmentally run or managed enterprises, (ii) statutory or government corporations, and (iii) government or joint stock companies; the number of the latter two types is constantly increasing. It is pointed out that while at the beginning of the first Five Year Plan in April 1951 there were only 5 Central Government undertakings with a total investment of Rs. 27 crores, there are now as many as 170 public undertakings with an investment of over Rs. 10,000 crores, the present market value of which is many times more. The annual report for 1976-77 on the Working of Industrial and Commercial Undertakings of the Central Government presented to Parliament in February, 1978 revealed that there has been continued expansion of production and turnover, greater resources generation, better utilisation of capacity and general price stability of the basic industrial outputs.2 The increasing importance of public enterprises has also been accepted by Shri H.M. Patel, Finance Minister of the 'right-of-the-centre party' like the Janata which came to power at the Centre in March 1977 by defeating the Congress which was mainly responsible for the growth of the public sector since 1950. He conceded that the policy towards public sector followed by his predecessors had justified itself and that the public enterprises contributed significantly to the development of the country.3

The main thrust of the Government policy during all these years since

<sup>8</sup>H.M. Patel, "Public Enterprises in Indian Economy: Problems of Management", Lok Udyog, New Delhi, Vol. XI, No. 11, February 1978, p. 6.

<sup>\*</sup> This article is a revised version of the paper read by the author in the seminar on 'The Role of Public Enterprises in Economic Transition' held in Tuljaram Chaturchand College, Baramati (Dist: Pune) in November 1976 under the auspices of the UGC.

<sup>&</sup>lt;sup>1</sup>J. Bosu, (Chairman of the Parliamentary Committee on Public Sector Undertakings), "Public Sector Undertakings", Lok Udyog, New Delhi, Vol. XI, No. 10, January 1978, p. 5. <sup>2</sup>For detailed statistics see: 'Performance of Public Enterprises During 1976-77', Lok Udyog, New Delhi, Vol. XI, No. 12, March 1978, p. 63.

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1950, and particularly in the post-Nehru era, had been to make the public sector really dominant vis-a-vis the private sector. The statement on industrial policy made by Shri Fernandes, Minister of Industry, in Parliament in December 1977 did not make any major departure from all this, although the important and complementary role of the private sector has also been emphasised by the Finance Minister Shri Patel.

These public enterprises, unlike the private ones, are heavily inclined towards 'public good' as against 'private good' and considerations of profitmaking receive relatively less attention in the minds of the policy makers. However, there is an increasing awareness in India that the public enterprises cannot afford to suffer losses continuously over the years and that they should show at least a minimum efficiency as there is a huge amount of public money invested in them. It is increasingly recognised that the public enterprises are basically economic units and unless they are run efficiently, the role expected of them in the economic transition will bring about a disaster to the country instead. Here arises the need to give these enterprises a certain degree of autonomy which is enjoyed by the privately managed economic units. The expert committees appointed by the government to probe into the working of public enterprises and the scholars trying to evaluate the performance of public sector in India have considered this aspect of the autonomy enjoyed by public enterprises as important and the theme of discussion in the country for a long time has been: 'how far are these enterprises given autonomy in their day-to-day working and how to relieve them of an excessive governmental interference'. That autonomy and control should both co-exist is not denied. However, they have posed a dilemma.

### AUTONOMY AND CONTROL

The business or commercial aspect of public enterprises and the expectation that they should be run efficiently stress the need for greater 'autonomy' in their administration, since the success of private enterprises is largely attributed, among other things, to the autonomy they so enjoy. In the case of public enterprises also, the growth of the units does not depend on the stepping up of the quantum of public investment alone, but also on the intelligence, imagination, confidence and the initiative of the managerial personnel and the discretion they enjoy in managing the enterprise.<sup>7</sup>

<sup>&</sup>lt;sup>4</sup>A. Mehta, India Today, New Delhi, S. Chand & Co., 1974, p. 51.

<sup>&</sup>lt;sup>5</sup>See, Lok Udyog, Vol. XI, No. 10, January 1978, pp. 41-46.

<sup>6</sup> Patel, op. cit.

<sup>&</sup>lt;sup>7</sup>V.K.R.V. Rao, "The Role of Public Enterprises in the Indian Economy", *Indian Journal of Public Administration* (Special Number on Organisation and Management of Public Enterprises), New Delhi, Vol. X, No. 3, July-September 1964, p. 421.

Aspects of Autonomy

A UN pamphlet includes the following freedoms in the word 'autonomy':

(i) freedom from the annual appropriation process at least for operating expenses,

(ii) freedom to receive and retain operating revenues,

- (iii) freedom to apply operating revenues to operating expenses,
- (iv) freedom from general government restrictions particularly in the field of expenditure,
- (v) freedom from normal government appropriation accounting,

(vi) freedom from normal government audit of operation,

- (vii) freedom from central purchasing and contracting requirements, and
- (viii) other related freedoms like freedom to borrow money, freedom to hire and fire, freedom to pay salaries at the discretion of the enterprise and freedom to control its long-term planning, etc.<sup>8</sup>

These are, at the most, theoretical propositions and in practice the autonomy granted to an enterprise varies from one enterprise to another. The enabling act of legislature which creates a public enterprise recognises, though not in unambiguous terms, two separate spheres: one, of 'policy matters' and another, of 'matters related to day-to-day administration'. It is expected that in normal circumstances or if larger public interest does not require otherwise, the government should restrict itself to the first sphere while leaving public enterprises to look after the second sphere. It is in this sense that the autonomy in public enterprises is construed generally. Traditional departmental organisations of the government do not enjoy such autonomy, and hence are not suitable for the management of industries. Therefore, the departmental form of organisation is not used, or only used very rarely; instead, the other two types are adopted as they give advantages like 'freedom in administration, elasticity in management, autonomy in finance and freedom from government intervention'.9

Aspects of Control

However, 'complete autonomy' or 'freedom to take decisions independently in all the matters' is not expected in case of public enterprises for some obvious reasons. First, public enterprises are created with some socio-economic philosophy behind them which they cannot forget or deny; secondly, public money is invested in their creation and growth; in the third place, the

<sup>&</sup>lt;sup>8</sup>B.P. Mathur, "Accountability of Public Undertakings in India", Lok Udyog, New Delhi, Vol. II, No. 11, February 1969, p. 1125.

<sup>&</sup>lt;sup>9</sup>R.C. Agarwal, State Enterprises in India, Allahabad, Chaitanya Publishing House, 1961, p. 153.

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motive behind their creation is 'service' to the public at large and lastly, they are viewed as an instrument of a larger public policy. It has rightly been maintained that "the magnitude and growth of the Public Sector is equally matched by its social responsibilities and public purpose. The logic that it uses tax payers' money has always haunted the managements of Public Sector in the form of varied and vast ramification of public accountability through Parliamentary committees, the Ministries and various public agencies besides a number of audit controls" Lord Morrison put the same phenomenon more aptly, neatly and briefly when he maintained, "Public enterprises combine in them public ownership, public accountability and business management for public ends". I

In a democracy, the government is responsible to the people and, as such, the public enterprises which are run by the government are responsible and accountable to the legislature which represents the people. This responsibility to parliament gives the latter the power 'to put the matters right' if the enterprise leaves the track. Responsibility, to which Robson adds 'accountability', therefore, includes control and one is meaningless without the other. 12 Accountability implies not only the submission of accounts of completed expenditure for inspection by parliament but also "parliament's right to criticize public expenditure and to apply sanctions in case of unauthorised or excessive expenditure."13 It is feared that the full amount of autonomy or the absence of adequate public control would make more harm than good to the economy, if as a result of such policy the enterprises behave irresponsibly. Hence the aspect of control is also important in case of public enterprises. It is more true in case of underdeveloped countries where the 'technical know-how' and the 'managerial qualities' are not much developed and besides, "where corruption and malpractices are all too likely to flourish".14 Moreover, all the countries which have established public enterprises grant them a certain degree of autonomy but at the same time provide for certain controls which can be grouped into: (a) automatic control by the Act, (b) 'direct control' by the government, and (c) 'indirect' public control. 15

Conversely, too much control will prove to be a drag on the unit's 'autonomy' thereby reducing it to a traditional departmental form and

<sup>&</sup>lt;sup>10</sup>N.K. Singh, "A New Model for Professional Management in Public Sector", Lok Udyog, New Delhi, Vol. XII, No. 3, June 1978, p. 27.

<sup>&</sup>lt;sup>11</sup>H. Morrison, Socialization and Transport, London, 1933, p. 149.

<sup>&</sup>lt;sup>12</sup>B.L. Bansal, "Financial Control: Checks and Balances", in *The Public Sector: A Survey* (ed.), Bombay, Vora & Co., 1969, p. 66.

<sup>13</sup>B.P. Mathur, op. cit.

<sup>&</sup>lt;sup>14</sup>A.H. Hanson, Public Enterprises and Economic Development, London, Routledge & Kegan Paul Ltd. (2nd Ed.), 1965, p. 379.

<sup>&</sup>lt;sup>15</sup>V.V. Ramanadham, The Control of Public Enterprises in India, London, Asia Publishing House, 1964, p. 47.

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negating or defeating the very purpose of their creation. Parliament, while reviewing the performance of public enterprises, should see that this does not weaken the initiative in management which would adversely affect efficiency. Sri V.K.R.V. Rao rightly maintained in this context that the bugbear of public accountability should not be so operated "as to kill enthusiasm and initiative in individual public enterprises and prevent them from growing to the levels of output and efficiency that they must rise to, if they are to play a significant role in the building of the Indian economy". <sup>16</sup>

Thus, there is need for both autonomy and control and the reconciliation of these two basic concepts constitute the central problem of management of state undertakings". <sup>17</sup> It is generally observed that this reconciliation is not achieved properly in case of most of the public enterprises. This paper, therefore, attempts to take an overview of the problem as it exists in India and of the attempts made by the government to establish the balance or to achieve the reconciliation.

#### AUTONOMY GIVEN TO PUBLIC ENTERPRISES IN INDIA

The form of organisation favoured by the government is basically important. Departmental form of organisation poses no problem as regards autonomy and control. However, the distinction between company form and corporate form becomes important; the company form is more flexible than the corporate form and it enjoys no special or independent legal status and 'defined' responsibility to the legislature that the latter does. It becomes important, therefore, in this context that the policy of the Government of India, particularly after the inception of the second Five Year Plan, has been in favour of company form and where necessary the corporate form. Hence the measure of autonomy given to public enterprises in India varies from one form of enterprise (government company) to another (statutory corporation) and, again from enterprise to enterprise. Therefore, the treatment given to the problem of autonomy and control is more general than specific.

Autonomy is given to public enterprises in India in respect of matters such as the following, to take only a few examples:

- (i) The creation and filling of vacancies upto a certain level in the hierarchy;
- (ii) fixation of special scales for the posts created by them;
- (iii) taking financial decisions required in day-to-day administration;

18S.R. Maheshwari, Indian Administration, New Delhi, Orient Longmans, 1968, p. 123.

<sup>16</sup>V.K.R.V. Rao, op. cit.

<sup>&</sup>lt;sup>17</sup>R.C. Dutt, "Management of State Enterprises: The Kumarmangalam Model", Lok Udyog, New Delhi, Vol. VII, No. 4, July 1973, p. 6.

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- (iv) corresponding directly with executive authorities of the government such as the Chief Controller of Imports and Exports, the Controller of Capital Issues, etc., except in matters where the ministry concerned definitely desires that the correspondence should be routed through them; and
- (v) entering into foreign exchange commitments without any reference to the Ministry of Finance, within the limits of prior allocations of foreign exchange, etc.

It is expected that public enterprises should take decisions on their own in regard to powers given to them and should not look to the higher-ups for decisions on them.

# Actual Experience with Autonomy

Actual experience of the public enterprises with regard to the exercise of autonomy sanctioned to them is, however, far from satisfactory. The top managerial posts in public enterprises are filled in by deputationists from the civil service cadres and this practice affects the autonomy adversely. The appointment of government secretaries as members of the board of directors of several concerns in general and the appointments of secretaries as chairmen of the board of directors of a few government companies, in particular, bring in the powerful influence of the ministry concerned on the working of these enterprises and hence, as Prof. Agarwal comments, "The question of such a board not following ministerial wishes does not arise at all."19 As a result, the enterprise loses its autonomy and is reduced to the status of a department. The case of the Life Insurance Corporation well illustrates this point. The evidence presented before the Commission of Enquiry (Chagla Commission) showed that 'the Life Insurance Corporation was not at all autonomous and the officials of the Ministry of Finance were treating it as a government department'.20

This 'deputationist' policy affects the autonomy in two important ways. First, the enterprises heavily rely on the government for these posts and the government officers who man these posts often lack initiative and capacity to take decisions independently. These persons do not look to the interests of the enterprise in which they work. Secondly, they bring with them what is called 'civil service culture' as against the 'industrial culture' which percolates downward and mars the business character of the entire organisation.

Appointment of legislators on the board of directors of these enterprises

<sup>19</sup>R.C. Agarwal, op. cit., p. 225.

<sup>&</sup>lt;sup>20</sup>C.P. Bhambhri, *Public Administration in India*, Delhi-Bombay, Vikas Publishing House, 1973, p. 108.

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has also impaired their autonomy. In India, the membership of the boards is not closed to legislators, except in the case of the Damodar Valley Corporation and the Reserve Bank of India. Eminent persons like Sri Gorwala have disapproved such a practice. The presence of legislators or ministers has a qualitative effect on the tenor and character of the board of directors in as much as it dampens their autonomous working.<sup>21</sup>

It is also observed that these public enterprises are obliged to deal directly with the ministry to which they are attached and there is no effective unit between the enterprise on the one hand and the minister-in-charge on the other, a unit which will work as a 'buffer' and which will prevent direct ministerial interference in the internal affairs of the enterprise concerned.

Measures Adopted to Strengthen the Autonomous Character

It seems that the Government of India is aware of these snags and have, on expert advice, attempted to remove them with a view to strengthening the autonomous character of public enterprise. To mention only a few of the measures adopted by the Government in this respect:

- (i) An industrial management pool was created in the late 'fifties to reduce the reliance of the public enterprises on civil service personnel.
- (ii) It was decided to withdraw all civil service personnel from the undertakings except those who opted permanently for them.
- (iii) On the recommendation of the Krishna Menon Committee the practice of appointing departmental secretaries as chairmen of public enterprises was given up in a large number of cases.
- (iv) It was decided to restrict the representation of the Government on the board of directors of these enterprises to two only, one from the administrative ministry and the other from the Finance Ministry.
- (v) The organisation like SAIL (Steel Authority of India Ltd.) was created in the year 1973 with a view to bringing all the public and private sector steel plants and coaking coal mining units under one common umbrella.
- (vi) A Bureau of Public Enterprises was set up in the Ministry of Finance in 1964 with a view to providing policy and overall guidance to public enterprises and carrying out a continuous appraisal of the organisational set-up, personnel requirement, performance, etc.

<sup>&</sup>lt;sup>21</sup>K.R. Gupta, "Governing Boards of Public Enterprises", in *Organisation and Management of Public Enterprises* (ed.), Vol. II, New Delhi, Atlantic Publishers & Distributors, 1978, pp. 18-22.

(vii) The Government has created a Public Enterprise Selection Board (PESB) in 1974 which advises the Government on matters like appointments to senior management positions and on management development within the companies.<sup>22</sup>

However, these attempts proved less than satisfactory; nor were they successful and the basic character of the relationship between the Union Government and the public undertakings remained as before. The industrial management pool soon became stagnant and no systematic attempt was made to build up a separate public enterprise cadre to man the top managerial posts in public enterprises. Although, the departmental secretaries ceased to be chairmen of public enterprises in their formal capacity, they continued to enjoy the authority delegated to them earlier. Representatives of the Central Government on the board of directors of these enterprises, though reduced to the minimum of two, further continued to exercise a disproportionate influence on the deliberations in the board meetings. Even the experience with the Bureau of Public Enterprises did not remain encouraging in this respect and instead of working merely as a 'buffer', it often attempted to work as an 'executive authority'.24

All the attempts made by Union Government, therefore, did not add anything substantially to improve the extent of autonomy originally given to them and "the public undertakings continued to be dominated by the Government". It can be safely maintained that the public enterprises continued to rely heavily on the Government in the matters of men, money and management and it affected their autonomy adversely. Some scholars have gone to the extent of saying that the 'autonomy of the corporations in India has become a farce". 26

Inefficient and unsatisfactory managerial performance of the public enterprises also invites ministerial interference in their working and curtails their autonomy. It is pointed out that public enterprises are lethargic in preparing their budgets before the year begins and even in matters like reporting about their performance to the ministry, etc., and such delay affects their autonomy further. It is said that 'autonomy without obligation invites outside interference'.<sup>27</sup>

<sup>&</sup>lt;sup>22</sup>D. Amarchand, "Public Accountability", in *Organisation and Management of Public Enterprises* (ed.), op. cit., p. 68.

<sup>&</sup>lt;sup>23</sup>R.C. Dutt, op. cit., p. 7.

<sup>&</sup>lt;sup>24</sup>D.S. Nakra, "Performance Evaluation of Public Undertakings", Lok Udyog, New Delhi, Vol. VII, No. 5, August 1973, p. 23.

<sup>25</sup>R.C. Dutt, op. cit.

<sup>&</sup>lt;sup>26</sup>C.P., Bhambhri, op. cit., p. 116.

<sup>&</sup>lt;sup>27</sup>Tandon, "Profitability and the Public Sector", Lok Udyog, New Delhi, Vol. VII, No. 6, September 1973, p. 33.

# CONTROL AND ACCOUNTABILITY OF PUBLIC ENTERPRISES IN INDIA

Government control over public enterprises in India is exercised in several ways. First, government has the power to appoint the chairman and representatives on the board of directors of these enterprises. Secondly, government has the power to issue directives or instructions to these undertakings, wherever necessary. Thirdly, certain matters like collaboration agreements, annual and five year plans, annual capital budget, revenue budget, etc., require prior approval of the government. Fourthly, the enterprises are required to submit periodical reports to the administrative ministry and to the Bureau of Public Enterprises. Lastly, progress review meetings are convened by the administrative ministries with the top managerial personnel of these undertakings.

Further, all these enterprises are subject to the overall control exercised by the Comptroller and Auditor General of India and it is to be specifically pointed out in this context that no distinction exists between his auditory control over the usual governmental departments and the statutory corporations or government companies, contrary to the practice in countries like Britain and the USA. Article 149 of the Indian Constitution empowers the Comptroller and Auditor General to audit the accounts of the Union and of the States and of any other authority or body as may be prescribed by Parliament. Section 619 of the Indian Companies Act lays down that the auditor of a government company shall be appointed by the Central Government on the advice of the Comptroller and Auditor General who is further empowered to direct the manner in which the accounts of the company shall be audited and also to conduct a supplementary or test audit if he so desires. The accounts of government corporations, however, are audited in the manner prescribed in their respective statutes. But in case of most of the government corporations. the Comptroller and Auditor General has been empowered to conduct the audit by himself or through professional auditors appointed by him. Since 1969, the auditory control over these enterprises is exercised by the Comptroller and Auditor General through the Audit Board which was set up on the recommendation of the Administrative Reforms Commission.

Accountability to Parliament is mainly in the following ways:

(i) Members of the Parliament can ask questions to the concerned minister on the working of public undertakings under his charge.

(ii) Members of Parliament can discuss the affairs of public enterprises when the House takes up 'demands for grants' for discussion and vote.

- (iii) Parliament can examine the working of these enterprises through its regular committees like the Estimates Committee and the Public Accounts Committee and special committees like the Committee on Public Undertakings.
- (iv) Parliament receives every year a comprehensive appraisal of the working of selected public undertakings done by the Audit Board.
- (v) Public enterprises are required to present to Parliament their annual report together with a copy of the audit report made by the Comptroller and Auditor General of India.

# Actual Experience with the Controlling Powers

(i) Ministerial Control. The minister in India exercises powerful influences on the working of public enterprises since the major controlling powers vested with the government are exercised through him only. His role has proved to be very important; first, in regard to his power of appointing and removing the members of the board of directors and, secondly, in regard to his power of issuing directives or instructions on policy matters. These powers are wide and broad because, on any matter of controversy, the word of the minister (or ministry) supersedes that of the enterprise in question. Till very recently, it was not obligatory for the government either to inform the House on the directives issued to the public enterprises or to publish them in any form. Dissatisfaction over this lacuna expressed by the Estimates Committee, the Committee on Public Undertakings and also by the Administrative Reforms Commission had very little effect on the government. However, the government accepted the suggestion made in this respect by the ARC and, in its reply placed before Parliament on the 10th May 1968, explained that 'Where Government consider it necessary to issue a directive to a public enterprise, it should be in writing; the issuance of the directive should also find a mention in the annual report of the concerned enterprise'.28 It is to be seen, however, that this is given a sincere trial by government in case of all the public enterprises. Further, 'pre-consultation with the government' or 'prior approval of the government' is required if any public enterprise wants to undertake any new activity or programme. By using these powers, a shrewd minister can easily make the public enterprise subservient to the administrative ministry which he heads and yet can evade his responsibility to Parliament.

It is pointed out in the context of India that "the ministers inferfere not only in broad matters of policy but also in matters of detail such as personnel management, labour relations, stores purchase policy, etc." The following examples throw light on the influence wielded by the ministries in

<sup>&</sup>lt;sup>28</sup>Quoted by L. Narain, "Parliamentary Committee on Public Undertakings—The British Experience", Lok Udyog, New Delhi, Vol. XI, No. 7, October 1978, p. 14.

<sup>29</sup>D. Amarchand, op. cit., p. 72.

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respect of public enterprises. The board of directors of the Damodar Vallev Corporation thought that the 'residual powers' vested with the Corporation However, the Union Government insisted otherwise and claimed that those powers vested with the Government. Accordingly, the Government desired that the agenda for the board of directors meeting must be approved by it and the proceedings submitted to it. The board of directors of the Damodar Valley Corporation had to yield to a compromise formula which recognised the ultimate and superseding powers of the Government.30 Further, in case of the same Corporation, some project plans were prepared by the chief engineer and were approved by the consultant engineers, all of whom were specially qualified men. But the plans had to be subjected to a further scrutiny by the engineering departments of the three concerned governments.31 Excessive dominance of the Finance Ministry in the LIC affairs was pointed out by the Chagla Commission appointed to enquire into the famous 'Mundhra deal'.32 Examples like these in case of other public enterprises have given rise to a general feeling that the administrative ministries often evade their role while exercising the controlling powers. A comment of the Estimates Committee is very pertinent in this context. It observed: "In the relations between the undertakings and the ministry, the former are treated in the same manner as departments and offices of government, controlled and supervised by the secretariat."33 Prof. Das's remark on this phenomenon of ministerial control that it "often goes to fantastic length"34 also deserves attention in this context.

(ii) Audit Control. Now the emphasis is clearly on the need to carry 'efficiency' audit rather than 'legality' audit. However, the Comptroller and Auditor General has successfully used his authority to bring the public corporations and government companies completely under his purview and doubts have been raised about his competence to go beyond the matters which are covered under the 'efficiency' audit generally. The following observation is apt in this context. "There are dangers in allowing the Comptroller and Auditor General to push his finger too far into the public enterprise pie.... He will probably try to extend the boundaries in matters of which, to say the least, his understanding is imperfect. Moreover, if he is a parliamentary official, he may encourage Parliament itself to get too deeply involved in the affairs of public enterprises, to the detriment of their independence. There is evidence that this has happened in India." Appleby has also pointed out

<sup>36</sup>R.C. Agarwal, op. cit., p. 226.

<sup>&</sup>lt;sup>31</sup>*Ibid.*, p. 155.

<sup>&</sup>lt;sup>32</sup>C.P. Bhambhri, *Bureaucracy and Politics in India*, Delhi-Bombay, Vikas Publishing House, 1971, p. 285.

<sup>33</sup>Quoted by B.L. Bansal, op. cit., p. 69.

N. Das, The Public Sector in India, Bombay, Asia Publishing House, 1961, p. 91.
 A.H. Hanson, op. cit., p. 383.

how the Comptroller and Auditor General claimed his jurisdiction even over the decisions taken by the board of directors to ascertain to what extent their powers were exercised in the best interests of the undertakings.<sup>36</sup> Arora maintains in this context, "In Britain the Auditor General has consistently been declining to extend his jurisdiction to the nationalised industries. On the other hand, in India, successive Auditors General have been very keen to get their department thoroughly involved in this area".<sup>37</sup>

Thus there is evidence to believe that the auditory control over the public enterprises is 'more than what is desired' and irrespective of the creation of the Audit Board, the approach has not changed as yet. A point has often been made in favour of what is called 'management' audit or 'efficiency' audit of the public enterprises, the purpose of which should be "to show to the men in positions of management their errors and the shortcomings of their ways and their far-reaching long term effects".38

(iii) Parliamentary Control. There are adequate opportunities to Parliament in India to exercise effective control over the public enterprises. It should be pointed out, however, that there is intrinsically less control exercised by Parliament on the working of public enterprises organised as government companies, since "the memorandum and the articles of association are in the nature of 'internal' documents which neither come to Parliament for discussion before their finalisation nor attract parliamentary attention whenever any modification is made" The position is somewhat satisfactory in the case of the corporation form because this is established by statute by the Parliament itself.

Further, the control exercised by Parliament is far from satisfactory with perhaps the exception of its role through the legislative committees and through the auditing machinery. Even in regard to the legislative committees, some lacunae have been pointed out. Reports of the Estimates Committees make interesting reading and are really valuable. However, it is pointed out that this Committee finds no time to study the working of all the enterprises. The Committee on Public Undertakings, established by Parliament in 1964, is also not able to do this gigantic task of examining the work of the ever increasing number of public enterprises. However, the setting up of this Committee was, in the words of Sri Hukum Singh, Ex-Speaker of the Lok

<sup>&</sup>lt;sup>36</sup>P. Appleby, Re-examination of India's Administrative System with special reference to Administration of Government's Industrial and Commercial Enterprises, Cabinet Secretariat, O & M Division, New Delhi, 1956, pp. 28-29.

<sup>&</sup>lt;sup>37</sup>R.S. Arora, "Audit and Accountability of Public Enterprises in India and Britain" *Lok Udyog*, New Delhi, Vol. VII, No. 7, October 1973, p. 40.

<sup>38</sup>B.L. Bansal, op. cit., p. 72.

<sup>39</sup> V.V. Ramanadham, op. cit., p. 66.

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Sabha, "a vital step taken towards ensuring better and effective control over public undertakings". 40 This Committee has also emphasised the need for examining a greater and more effective parliamentary control on the existing undertakings and prior approval of the Parliament for registering new government companies. 41

The right to ask questions to the minister is also a useful device through which Parliament exercises control. It is expected that questions should not be asked on matters which fall within the day-to-day jurisdiction or working of these enterprises and that they should be confined to policy matters or to the overall performance of the enterprise. It is maintained in this context that the autonomy given to public enterprise should not restrict the right of Parliament to exercise effective control over one of the important segments of the country's administration. Shri Mavalankar, Ex-Speaker of the Lok Sabha, expressed this line of thinking when he maintained "...merely because the system makes them autonomous it does not follow that the system can take away the jurisdiction of Parliament in having a full probe into the administration of that autonomous body."42

A general tendency to elicit information on the day-to-day matters of public enterprises is seen when the questions are put to ministers in Parliament. Instead of confining themselves to a survey of the overall position, as is done by their counterpart in Britain, the Parliament Members in India often tend to elicit answers on the day-to-day working of the enterprise.<sup>43</sup> Further, the Members ask such questions the information on which could have been secured by them directly from the public relations officers of the enterprise concerned or from reading carefully the annual reports of the enterprises submitted to Parliament. Such questions, according to Prof. Ramanadham, serve no useful function of exercising control over public enterprises.<sup>44</sup> On the contrary, such questions swallow the much precious time of Parliament.

It is said that the annual reports submitted by the public enterprises do not adequately inform Parliament on various matters pertaining to their performance and this also impels Parliament Members to ask more questions, even though of a trivial nature. In the absence of adequate knowledge about the technical, business or commercial character of the enterprises and also

<sup>40</sup> B.P. Mathur, op. cit.

<sup>&</sup>lt;sup>41</sup>B.B. Gupta, Organization and Methods for a Welfare State, Allahabad, Chugh Publications, 1976, p. 143.

<sup>42</sup>Quoted by B.P. Mathur, op. cit., p. 1128.

<sup>43</sup>B.L. Bansal, op. cit., p. 68.

<sup>44</sup>V.V. Ramanadham, op. cit., p. 115.

about their overall functioning, it is futile to expect that the Members will exercise effective control over public enterprises. Inability to get adequate information about the overall performance and problems of public enterprises strengthens the ministerial influence on the enterprise which further affects their autonomous character adversely.

#### CONCLUSION

It is evident, then, that there is no happy balance between 'autonomy' and 'control' in the case of public enterprises in India. The scale is tilted in favour of 'control' which is also not being exercised in the interest of the enterprise proper. First, the ministers or ministries concerned do not allow 'freedom of action' to the public enterprises under their charge; secondly, the role of the Comptroller and Auditor General is too 'authoritative' to be liked by the managers of public enterprises, and lastly, Parliament is unable to restrict the 'undue influence and interference' of ministers in the affairs of public enterprises. There is wide scope, therefore, to strengthen the autonomous character of public enterprises and also to improve the performance of the controlling function.

Various expert committees or commissions appointed by the government and scholars who have shown special interest in the various aspects of the working of the public enterprises have made valuable suggestions in this regard. To mention a few of them:

- (i) Organisations like SAIL should be created in other important areas and the direct contact of the minister with the individual enterprise should, as far as possible, be avoided.
- (ii) Legislators should not be given membership on the board of directors and even the ministers should be kept away from such posts, at least in the case of 'ordinary public enterprises with limited responsibilities'.<sup>45</sup>
- (iii) The Union Government has created a Public Enterprise Selection Board (PESB) to seek advice on matters like appointment to senior management positions but this arrangement is insufficient. An independent 'managerial cadre' for public enterprises personnel should be created with a view to minimising the excessive dependence of public enterprises on administrative ministries for meeting their personnel requirements. It is to be noted here that the new Janata Party Government, in its industrial policy statement, has categorically recognised the need for giving high priority to the building up of a professional cadre of managers in the

<sup>45</sup>K.R. Gupta, op. cit., p. 46.

public sector, who would be given necessary autonomy and entrusted with the task of providing dynamic and efficient management to such enterprises.<sup>46</sup>

(iv) The accounts of public enterprises should be subjected strictly to 'commercial' or 'efficiency' audit so as to do away with the domineering influence of the Comptroller and Auditor General.

(v) The public enterprises themselves should try to conduct their business efficiently so as to inculcate faith and confidence about them in the minds of public authorities and the government should do everything necessary to improve the functioning of these enterprises. The Bureau of Public Enterprises can be further activised to give expert guidance to the public enterprises for this purpose.

As regards improvement of the 'controlling' function, the views of experts and expert commissions should be given a fair trial by the government. It is suggested that the purpose of control should be: (a) the promotion of efficiency of the public enterprise, (b) the attainment of targeted results, (c) the attainment of national objectives specific to individual enterprises, (d) the regulation of undue managerial powers in fixing prices, (e) the regulation of concentration of economic power, and (f) the ensuring of ministerial responsibility in Parliament.<sup>47</sup> Many valuable suggestions have been made in this regard; a few of them are:

- (i) Too much adherence to or preference for 'company form' should be averted, as it gives more powers to the minister and less chances to the legislature to discuss its affairs. The Estimates Committee (1959-60) and the Administrative Reforms Commission favoured statutory corporations in its place. The ARC held that the statutory corporation form should be adopted in the industrial and manufacturing field and for promotional and developmental activities. The company form was suggested by the ARC for predominantly trading concerns and for projects where there was private participation.<sup>48</sup>
- (ii) Parliament should have more access to information on public enterprises and arrangements should be made, like in Britain, so as to enable the MPs to receive information 'directly' from the enterprises.

<sup>&</sup>lt;sup>46</sup>See 'Statement on Industrial Policy made by George Fernandes...", Lok Udyog, Vol. XI, No. 10, January 1978, pp. 44-45.

 <sup>47</sup>V.V. Ramanadham, op. cit., p. 239.
 48Administrative Reforms Commission, Report on Public Undertakings, Government of India, New Delhi, 1967, p. 14.

(iii) As Prof. Ramanadham suggests, 'control cells' should be established in each ministry to enable the government to exercise effective and thorough supervision and to issue directives. These cells can also provide expert advice to the minister in the exercise of his powers in regard to the enterprises under his charge.<sup>49</sup>

(iv) The board of directors of these enterprises should be restructured with a view to keeping them free from any pressure of political elements like legislators and ministers. The Krishna Menon Committee had suggested that a board should consist of financial talent, administrative talent, technical skill, representatives of labour and personnel management, on this suggestion is still relevant.

Although no serious consideration is given to such expert suggestions by the government as yet, it is felt that it will have to 'restructure' its entire policy in regard to organising public enterprises keeping in view the changed socio-economico-political situation in our country.

In case the balance is restored between 'autonomy' and 'control', there is reason to hope that the public enterprises will perform their functions efficiently and accelerate the pace of economic development in our country.

# CONCENTRATION OF ECONOMIC POWER

Free market capitalism leads to concentration of economic power in private hands. Ownership of all means of production by the State would lead to concentration of power by the State.

—Janata Party's Economic Policy Statement, February 1977.

<sup>49</sup> V.V. Ramanadham, op. cit., pp. 81-83.

<sup>50</sup>Quoted by K.R. Gupta, op. cit., p. 24.

# Management Accounting in Government

## K.L. Handa

THERE is hardly any activity of an organisation, having financial bearing, which is not reflected in its budget. Funds need to be provided in the budget for the various activities the organisation plans to execute. An organisation's budget is a very important instrument for the planning, management and control of its activities. A proper planning and implementation of the budget would enable optimising the use of resources and economical achievement of the organisation's objectives.

The annual financial statement or the budget presented by the Government of India to Parliament every year is an accounting presentation that shows data by major and subsidiary account heads. The form of accounts is prescribed by the President with the concurrence of the Comptroller and Auditor General, and is used as the basis on which budgets are prepared and presented to Parliament.

Management accounting can provide a highly useful service at both the stages of planning and implementation of the budget. It is based on information which can be obtained from accounts as well as on information not reflected in the accounts. It involves collection and presentation of all such information which can be of help in the preparation of a sound budget plan. Management accounting also implies monitoring and evaluation of performance of the activities as compared to the budget plan both in terms of financial expenditures and the corresponding physical accomplishments. Its purpose is to provide timely information to various levels of management to facilitate decision-making at these levels for the efficient and economical achievement of their tasks.

Whereas management accounting encompasses much more than mere financial accounting, the structure of accounts is of crucial importance in-asmuch as it provides the necessary information for exchequer control and for monitoring and analysis of expenditures on programmes and activities. An understanding of the existing accounting classification is, therefore, essential to assess its utility as an important component of the system of management accounting.

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# THE HISTORICAL BACKGROUND

The basic accounting structure in India dates back to the early years of this century and has remained, more or less, the same over the years. No major change took place in it until very recently (April 1974). There were some changes made from 1 April 1937 on the introduction of provincial autonomy, which, however, did not change the essential framework of the system. The classification and accounting structure had been evolved to subserve best the interests of financial and legal accountability of the executive to the legislature and, within the executive, of the spending agencies to the sanctioning authorities. The format of accounts had close correspondence with the departments or agencies collecting receipts or incurring expenditure. The classification of government transactions had a closer reference to the department in which the revenue or expenditure occurred than to the purpose of the revenue or expenditure. The basic concern was the item on which money was spent rather than the purpose served by it. Such a form of the structure of accounts served well as long as the main concern of the government was to ensure financial accountability and control. However, with a change in the role of the government, the need was felt for bringing in reforms in the structure of accounts to harmonize with the requirements of development administration.

In 1961, reforms were introduced in the accounting structure to facilitate improved analysis of governmental expenditure and to help the task of development planning. A few broad functional categories like social and developmental services and transportation and communications were provided having at the same time groupings like administrative services and contributions and miscellaneous adjustments.

#### RECENT DEVELOPMENTS

The demands for grants show, separately, plan and non-plan expenditure. Under the Indian planning system, the five year plans are framed in terms of functional categories, such as agriculture, animal husbandry, industry, transport, etc. Till recently, the groupings of schemes in the plan did not, by and large, coincide with the major and minor heads in the accounts. Some sprinkling of functional categories in the budget was but of limited help in relating the plan and the budget. In view of all this, the Administrative Reforms Commission, while recommending the introduction of performance budgeting in India, also made suggestions for reforms in the structure of accounts. The Commission recommended that the structure of the major heads of accounts should be recast to reflect broad functions and major programmes of government. Also, the programmes, activities and projects of the various departments and organisations should be clearly identified and the minor heads connected with these programmes suitably recast so as

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to reflect these activities. The Commission also suggested that the heads of development adopted for plan purposes should be reviewed with a view to establishing a direct correlation between these heads and the general accounting heads. The Commission further recommended that the government should constitute a team composed of the representatives of the Comptroller and Auditor General, the Planning Commission, the Ministry of Finance, and the administrative ministry concerned, which should be assigned the task of drawing up a programme for the implementation of the Commission's recommendations.

The Government of India responded to the suggestions of the Commission by appointing a team of officers composed of the Deputy Comptroller and Auditor General, the Joint Secretary (Budget) of the Finance Ministry, and a representative of the Planning Commission, to undertake a review of the heads of accounts and the heads of development adopted for plan purposes.<sup>2</sup> The team has already submitted two reports.

The first report of the team submitted to the government in October 1971 deals with reforms in the structure of demands for grants. The report suggests that a ministry/department in charge of a number of distinct services may present a separate demand for each of the major services. The provisions relating to other miscellaneous functions/services under the charge of the ministry/department and those relating to its secretariat may be included in another demand. However, ministries/departments which administer only one major function or service may present only one composite demand covering all their requirements including provisions for the secretariat. In Part II of the demands, details of expenditure up to the level of major and minor heads of account may be included. A further break-up by each activity or scheme or organisation for which provision of funds in a year is Rs. 10 lakhs or more may be given for each minor head. All other activities/schemes/organisations under a minor head for which provision of funds in a year is less than Rs. 10 lakhs may be grouped together. The report also recommends that the plan and non-plan components of the provision for a minor head or for activities/schemes/ organisations under a minor head should be shown distinctly in Part II of a demand. In Part III of the demands further details may be given about the provisions made in Part II for minor heads and for activities/schemes/organisations under minor heads. In the case of activities/schemes/organisations for which the budget provision is Rs. 10 lakhs or more, further break-up of the provision by objects of expenditure (establishment charges, travel

<sup>2</sup>Government of India, Ministry of Finance, Department of Economic Affairs, Resolution No. F. 1(65)—B/68, 22 March, 1969.

<sup>&</sup>lt;sup>1</sup>Government of India, Administrative Reforms Commission, Report on Finance, Accounts and Audit, New Delhi, Manager of Publications, 1968, pp. 8-11.

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expenses, etc.) should be given. Also, the plan and non-plan components of a provision for each sub-head should be shown distinctly. The team has recommended that in due course, performance budgets should be integrated with Part III of the demands. Also, according to the team, the expenditure on programmes, activities, schemes and organisations should be broken down and shown under the standard objects of expenditure or primary units of appropriation as suggested by the team in their report.<sup>3</sup>

The team submitted a second report in November 1972 in which it included its recommendations on classification of government transactions in accounts and in the plan. It proposed a five-tier classification structure, i.e., (1) sectoral classification to group the functions or services under broad sectors, such as general services, social and community services, economic services, etc., (2) major head classification representing the functions or the major divisions of governmental efforts such as defence, education, agriculture, etc., (3) minor head classification to identify the programmes undertaken under each function, (4) sub-head classification to reflect the schemes under each programme, and (5) the detailed head classification to reflect the expenditure on the schemes, in terms of inputs, such as salaries, purchase of stores, grants-in-aid, loans, investments, etc.

The team hoped that this classification structure would facilitate a purposeful review of the government operations by providing a link between budget outlays and functions, programmes, and activities. It would also ensure itemwise control of expenditure. Also, the proposed reforms in the structure of accounts would facilitate introduction of performance budgeting. The team further suggested that Planning Commission should undertake a review of the existing plan sectors and heads of development with a view to recast the plan suitably to bring them in line with the accounting classification.<sup>4</sup>

The Government of India accepted the recommendations of the team made in their two reports. The first report was accepted with effect from the year 1973-74. The suggestions made by the team in their second report were brought into effect from April, 1974.

#### THE NEEDS OF PERFORMANCE BUDGETING

In order to operationalise the concept of performance budgeting, it is

<sup>&</sup>lt;sup>3</sup>Government of India, "First Report of the Team on Reforms in the Structure of Budget and Accounts, on Demands for Grants of the Government of India," New Delhi, 1971.

<sup>&</sup>lt;sup>4</sup>Government of India, "Second Report of the Team on Reforms in the Structure of Budget and Accounts, on Classification of Government Transactions in Accounts and Plan," New Delhi, 1972.

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imperative that the concept is also built into the structure of accounts. It is necessary that the budget classification in terms of functions, programmes, activities, and projects, is supported by a similar classification in accounts.

Accounting is the basis on which the budget is framed. Therefore a suitable change in the classification of accounts should be considered as a pre-requisite for the introduction of performance budgeting. Accounts need to be function, programme, and activity oriented so as to speak in the same language as the performance budget. For instance, if medical relief is a function included in the budget classification, there must be a corresponding account head from which expenditure on the same function could be monitored.

Performance budgeting being predicated on the primacy of management function, it requires preparation of accounts in a form which facilitates monitoring and analysis of functions, programmes, activities, and projects. A functional classification of accounts under heads as correlated with the budget heads can prove of direct help to management.

In the conventional budgeting system, conceived largely in financial terms, emphasis is placed on financial and legal accountability. The stress is laid on the observance of appropriation limits. The classification of accounts is, accordingly, evolved and developed mainly to satisfy the twin considerations of financial control and accountability.

In view of these objectives of a conventional budget, in India, the classification in accounts was structured so as to correspond to the organisation in which the transaction occurred and within the organisation to the inputs on which the expenditure was incurred. For example, construction of a hospital would be classified and displayed in accounts as public works expenditure and not as expenditure on a function like medical relief under social services. The classification indicated the nature of expenditure but not its purpose. It did not enable identification of expenditure with functions, programmes, activities, and projects. It lacked the management approach in accounting in as much as it did not provide facility for monitoring and analysis of expenditure on functions, programmes, activities, and projects.

Also, the classification as developed did not provide any correlation between account heads and the plan heads of development. This created problems in getting information regarding progressive expenditure in respect of plan programmes, and made their evaluation difficult.

Accounting classification adopted by government should be such as would adequately serve its objectives. The various purposes required to be served by accounts can be grouped under management and accountability

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functions. Whereas the management function can be served best by classifying accounts in terms of functions, programmes, activities, and projects, the purpose of financial control and accountability is achieved better through itemwise control over expenditure facilitated by objectwise classification.

A revised accounting structure introduced by the Government of India from April 1974,<sup>5</sup> attempts to serve the purposes of management as well as the requirements of financial control and accountability. Under this scheme, a five-tier classification has been adopted, namely, sectoral, major head, minor head, sub-head, and detailed heads of account. Sectoral classification has grouped the functions of government into three sectors, namely, general services, social and community services, and economic services.

General services include services indispensable to the existence of an organised state, such as police, defence, external affairs, tax collection, district administration, fire protection, etc. This sector is sub-divided into six subsectors, namely, (i) organs of state (parliament, head of state, judiciary, audit, council of ministers and elections), (ii) fiscal services (agencies for collection of taxes), (iii) interest payments and debt services, (iv) administrative services, such as public service commission, district administration, police, jails, etc., (v) pensions and miscellaneous general services, and (vi) defence services. The social and community services sector covers programmes and activities relating to the provision of basic social services to consumers, such as education, medical relief, housing, social security and welfare, and services required for community living, such as public health, urban development, broadcasting, information and publicity. The economic services sector includes programmes and activities in the fields of production, distribution, trade, regulation, etc. This sector is sub-divided into seven sub-sectors, (i) general economic services (foreign trade and export promotion); (ii) agriculture & allied services (agriculture, cooperation, planning, statistics, etc.), minor irrigation, fisheries, forests, soil conservation, dairy development, animal husbandry, etc.; (iii) industry and minerals (large and medium industries, village and small industries, mines and minerals); (iv) water and power development; (v) transport and communications (ports, light houses and shipping, civil aviation, roads and bridges, tourism, etc.); (vi) railways; and (vii) posts and telegraphs.

There is also a fourth sector in the classification which is called 'grants-in-aid and contributions'. This sector is meant to record transactions pertaining to the transfer of resources in the form of grants-in-aid from the Centre to the States and Union Territories, and from the government to the local bodies and panchayati raj institutions.

<sup>&</sup>lt;sup>5</sup>This accounting structure was introduced to implement the recommendations of the team on reforms in the structure of budget and accounts (referred to earlier in this article).

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In the new scheme of accounts, a major head is assigned to each function, and a minor head is allotted to each programme. Under each minor head, there would be sub-heads assigned to activities/schemes/organisations covered by the programme. Major and minor heads classification is common to the Union, States and Union Territories Governments. These authorities, however, have flexibility in adopting sub-heads to suit their requirements. Also, a list of standard objects of expenditure has been suggested for use by these authorities.

Under the new system, the object classification has been retained and placed under the last tier. It is meant to provide for itemwise control over expenditure, and to ensure financial control and accountability. Its purpose is also to furnish the basis for estimating the fund requirements for each activity and programme.

The revised classification of accounts establishes adequate links between budget and account heads and the plan heads of development. This has facilitated obtaining information of progressive expenditure on plan programmes and projects. The new classification has also enabled bringing together under the appropriate function (major head) and programme (minor head) all expenditures on that function or programme irrespective of the organisation administering the function or the programme. The same applies in the case of an activity (sub-head) also, all the expenditure on which can be brought together by operating on the same sub-head as prescribed for that activity. The revised system of accounts has provided the necessary facility for monitoring and analysis of expenditure on programmes, activities, and projects, to aid management function.

The principle adopted in the new accounting classification is that all expenditures on a function, programme or activity should be recorded under the appropriate major, minor or sub-head. This should be done irrespective of the department or organisation administering the function, programme or

<sup>8</sup>For instance, 'cooperation' has been assigned a major head in the revised accounts classification to conform to a similar plan head of development.

<sup>&</sup>lt;sup>6</sup>For instance, 'Agriculture' being a function, has been assigned a major head, and 'Agricultural Farms' which is a programme under it has been allotted a minor head.

<sup>&</sup>lt;sup>7</sup>The list includes the following standard objects of expenditure:

<sup>(1)</sup> salaries, (2) wages, (3) travel expenses, (4) office expenses, (5) payments for professional and special services, (6) rents, rates and taxes/royalty, (7) publications, (8) advertising, sales and publicity expenses, (9) grants-in-aid/contributions/subsidies, (10) scholarships and stipends, (11) hospitality expenses/sumptuary allowances, etc., (12) secret service expenses, (13) major works, (14) minor works, (15) machinery and equipment/tools and plants, (16) motor vehicles, (17) maintenance, (18) investments/loans, (19) materials and supplies, (20) interest/dividend, (21) pensions/gratuities, (22) depreciation, (23) inter account transfers, (24) writes-off/losses, (25) suspense, (26) other charges, (27) diet charges, (28) live stock.

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activity. For example, expenditure on public works including construction and maintenance of residential and non-residential buildings and roads and bridges is to be accounted for under different major heads, both in the revenue and capital sections. Expenditure on government residential buildings, including maintenance and repairs and construction, is to be recorded under the major head 'housing' or 'capital outlay on housing', as the case may be, in the sector 'social and community services'. Expenditure on construction and maintenance and repairs of 'roads and bridges' is to be accounted for under the head 'roads and bridges' or 'capital outlay on roads and bridges' as the case may be, in the sector 'economic services' under the sub-sector 'transport and communications.'

Non-residential buildings have been classified into two categories: (i) administrative offices and general purpose buildings, and (ii) buildings for functional purposes, like schools, colleges, hospitals, etc. Expenditure on construction works of the first category is to be accounted for under the major head 'public works' or 'capital outlay on public works' as the case may be. in the sector 'general services'. Expenditure on construction works of the second category, if it relates to a function included in the sector 'general services' is also to be accounted for under the major head 'public works' or 'capital outlay on public works' as the case may be. Other expenditure on construction works of the second category is to be recorded under the functional major head relevant to the purpose of the building in the sector 'social and community services', or 'economic services', as the case may be. However, it has been provided that expenditure on maintenance and repairs of all buildings, namely, administrative offices and general purpose buildings and functional buildings, is to be accounted for under the major head 'public works' in the sector 'general services'.

The revised classification of accounts has, thus, facilitated monitoring and analysis of expenditure on functions, programmes, activities and projects, and the introduction and operation of a system of performance budgeting.

## MANAGEMENT ACCOUNTING

The revised classification of accounts and the other financial reforms already completed by the Government of India, like separation of accounts from audit and departmentalisation of accounting function, integrated financial adviser scheme, etc., should facilitate introduction of management accounting in ministries/departments to support the system of performance budgeting. As stated in the United Nations' publication:

"Accounting should provide information on work done at every stage with reference to the resources used and costs incurred in doing it.

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It should provide promptly accurate and complete data for administrative control over the execution of the budget plan. A logical corollary of this is the integration of administrative and accounting responsibilities in the operating agencies. The separation of administrative and accounting responsibilities may often prevent an effective control over the progress of expenditure."9

The recently introduced scheme of departmentalisation of accounts should provide a better support both for ensuring a sound system of exchequer control and for serving the needs of management at various levels. These reforms need to be taken advantage of for successfully operating a scheme of performance budgeting.

The removal of externality of accounts and their departmentalisation in the ministries/departments is expected to lead to prompt payment of personal claims like salaries, travelling allowances, etc., and better maintenance of provident fund accounts, resulting in greater employee satisfaction. It is also likely to yield benefits by enhancing clientele satisfaction by arranging speedy payments through the pay and accounts offices. The compilation of accounts is expected to be relatively quicker. In fact, a sound system of financial management is made possible by providing a speedy and continuous flow of accounting data. However, the departmentalisation of accounts and the taking over of full responsibility by the administrative ministries/departments for the compilation of their accounts provide only the necessary facility and a basis for the development of management accounting system. A number of other measures are also needed for the installation of an effective system of management accounting.

An efficient accounting system is essential for monitoring and analysis of expenditure. The speed and accuracy with which accounts are prepared are the necessary ingredients for the accounts information to prove useful to management for various purposes. Also, accounting information needs to be presented in different forms to cater to the requirements of management at various levels. Management accounting is concerned with that type of information which can be useful for management. The emphasis is laid on the usefulness of information in serving the needs and purposes of management. Management accounting should generate information which can be helpful in solving management problems. Management implies planning which includes forecasting and budgeting. It also involves decision-making. Further, it implies control including communication, motivation and appraisal. The field of management accountancy, therefore, has to be as wide as management

<sup>&</sup>lt;sup>9</sup>United Nations, Government Budgeting and Economic Planning in Developing Countries, New York, U.N. Publication, 1966, p. 12.

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itself. It has to deal with the application of techniques like capital budgeting, project appraisal, budgetary control, costing, standard costing, break-even analysis, inventory management, etc., for generating necessary information to aid management function.

Management accounting, in fact, encompasses financial accounting, cost accounting, and all aspects of financial management. It also involves supplementing the accounting information with other data not reflected in the accounts. The additional information requirements may relate to commitments made, cost escalation, physical accomplishments, etc. In a system of management accounting, therefore, information would have to be collected in addition to what is available from accounts, to help management in its various tasks.

A management accounting system in its true sense should provide the necessary support to different levels of management in the efficient discharge of their functions. It should enable timely availability of accounts information for a systematic and continuous review of the progress of expenditure as related to the budgeted funds and the planned tasks. A sound system of management accounting would facilitate an efficient working of a scheme of performance budgeting. It would also enable meaningful review and evaluation of performance.

Management accounting, therefore, in broad terms, may be said to be that aspect of accounting which facilitates efficient and economical management of various tasks in the organisation by providing the various levels of management with relevant and timely information concerning their specific needs. In this context, importance needs to be attached to devising a right format of reports, determining frequency and time-lag of data collection, and creating proper channels of reporting and data flow. The system should also provide for channels to reach feed-back information to operating levels, necessary for their efficient functioning. An efficient management information system is, therefore, a necessary adjunct of a sound system of management accounting.

It is not possible to design any standard system of management accounting which may be applicable to all types of governmental organisations. It is necessary to evolve such a system for each department so as to suit its specific management needs. The requirements of different departments for management purposes would vary depending upon their respective functions and organisational structure. Even within the same department, management accounting system would need to be reviewed from time to time to conform to the changing requirements of the organisation.

An advisory committee has been appointed by the Government of India under the chairmanship of the Finance Minister, with the Controller General of Accounts as the convenor, to consider and recommend management accountancy concepts to suit the requirements of different ministries/ departments. The committee is also required to make recommendations regarding the management information system necessary to be developed for the purpose. The resolution appointing the committee recognises that the major objective of departmentalisation of accounts is to improve the financial competence of the ministries and departments and to make accounts an effective tool of management. The committee is also to review the system of exchequer control in the departments and ministries with a view to ensure effective monitoring of expenditure in relation to provisions in the budget. The committee's terms of reference further include an evaluation of the system for receipt and payment accounting of the departmentalised accounting organisations of the ministries/departments with a view to assess how far the system and its techniques are in consonance with the principles of management accounting, and to suggest necessary improvements.

The advisory committee has selected three ministries of the Government of India for a detailed study of the application of management accounting techniques, and for developing suitable management information systems. It has constituted a sub-committee to design suitable systems for these ministries in consultation with the experts of the ministries concerned. The three ministries chosen are: the Ministry of Agriculture, the Ministry of Works and Housing, and the Ministry of Chemicals and Fertilizers. These have been selected because they represent three typical ways in which government policies and programmes are implemented. The Ministry of Works and Housing executes a large number of programmes directly or through its subordinate formations. 12 The Ministry of Agriculture presents another type in whose case the programmes are mainly executed through the State Governments. The programmes of the Ministry of Chemicals and Fertilisers are mainly executed through a number of public sector undertakings functioning under its administrative control. It is thought that these studies would provide valuable experience and knowledge for extending the concept of management accountancy to other ministries/departments of the Government of India.

<sup>&</sup>lt;sup>10</sup>The members of the committee include, among others: Finance Secretary, Secretary (Expenditure), Secretary (Industrial Development), Additional Secretary (Department of Personnel and Administrative Reforms), Chief Cost Accounts Officer (Ministry of Finance).

<sup>&</sup>lt;sup>11</sup>Government of India, Ministry of Finance (Department of Expenditure), Resolution No. 2 (96)/76 Special Cell, dated the 1st November, 1976.

<sup>&</sup>lt;sup>12</sup>There are of course programmes executed through the public sector undertakings functioning under the administrative control of the Ministry, and also those executed through the agencies of State Governments.

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A basic necessity, however, remains and that is, accounts should be maintained and compiled departmentally with adequate speed, accuracy and detail to cater to the diverse needs of different levels of management in the organisation. Any system of accounting would have merit only to the extent that it serves the various management objectives. The organisational set-up created for accounting and finance functions would also have merit to the extent that it serves the purposes of management for achieving the objectives of the department.

The scheme of Integrated Financial Adviser (IFA) introduced by the Government of India in October 1975 intends to improve the competence of the departments in the field of financial management. The IFA who has been made a part of the administrative ministry/department is required to assist the administrative secretary and other senior officers in the planning, programming, budgeting, monitoring and evaluation functions of the ministry. The departmentalised accounting organisation has been placed under the charge of the IFA, with the administrative secretary being in overall control as the chief accounting authority. The IFA has also been made responsible for the preparation of the ministry's performance budget and the monitoring of progress of schemes against the budget. It needs hardly to be said that an efficient accounting system is of basic necessity for the successful discharge of the functions of the IFA. A system of management accounting which may be introduced in a department would need to be built on the functions of financial advice and accounting, both of which have been placed under the charge of the IFA.

However, the system as observed in the ministries/departments, generally, is that the payment and accounting functions are discharged by a separate subordinate office headed by a Chief Controller of Accounts or Controller of Accounts. According to the organisational arrangements, the accounts set up under the Chief Controller/Controller of Accounts forms one channel of functional hierarchy concerned primarily with payment and accounting work. The other channel of hierarchy is that of financial advisers of different ranks who are responsible for tendering financial advice to the administrative and executive authorities. Both the hierarchical channels function under the direction and control of the IFA. There is a third type of hierarchical channel of administrative, technical and executive officers in different organisational formations. So far as the accounts organisation under the Chief Controller/Controller of Accounts is concerned, it merely transacts payments for the whole department and discharges other routine functions. It also compiles the accounts for submission to the IFA.

Management accounting, however, does not end with the functions of exchequer control as aided by the set-up of the Chief Controller/Controller

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of Accounts, and the functions of financial advice as provided by the different levels of financial advisers in the department. It envisages a service role for the accounts and finance personnel to work with administrative and technical officers at different levels to help them in the application of financial management techniques in taking management decisions. This would necessitate suitable integration of accounts and finance set-up with the management side not only at the top level but also at lower levels where significant management decisions are taken. The purpose is to achieve maximum participation of accounting and financial experts at the stage of formulation of proposals and taking of management decisions.

The set-up of the Chief Controller/Controller of Accounts, though functioning under the IFA, is not further down integrated with the other levels in the hierarchy of financial advisers. It is, therefore, not involved in facilitating management decisions with the help of application of accounting techniques. Such a situation is antithetical to the concept of management accounting which requires that both the accounting and financial experts should participate in helping management decision-making at different levels in order to facilitate economical and efficient functioning of the organisation. To serve these purposes, the integration of accounting and finance functions would need to be effected not only at the level of the IFA but also at the decision-making levels below.

#### SOME OTHER ISSUES

The departmentalisation of accounts should result in a timely flow of accounting and financial information to management at all levels. It should enable better planning, programming, budgeting, review of expenditure, and exercise of control by the management. It should also facilitate the management's making 'on course corrections' which may become necessary. There is, however, no need for maintaining duplicate accounts by the administrative authorities, which are reconciled with the accounts prepared in the departmental accounting organisation headed by the Chief Controller/Controller of Accounts. If the accounting set-up is fully integrated at different levels with the financial advisers' hierarchy and also with the administrative and executive authorities in the ministry/department, there should be no need for maintaining duplicate accounts by the administrative authorities.

There are certain constraints to be recognised in developing a system of management accounting to support a successful working of the scheme of performance budgeting. Government accounting is done on cash basis which makes it difficult to know the cost assignable to an activity. This creates problems in the application of cost control techniques. Also, the present

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structure of financial accounts is not adequate to serve the purposes of management accounting. The accounts classification is not designed to relate to cost centres. Hence it is difficult to allocate cost to a responsibility centre and to evaluate actual cost against standard cost. It is recognised that the new classification of accounts in terms of functions, programmes and activities has considerably helped monitoring and analysis of expenditure, and relating expenditure on a programme or activity with its physical accomplishments. However, the classification needs to be improved further to provide for subsidiary set of accounts to correspond to cost centres, and to facilitate responsibility accounting.

It may be concluded that the financial reforms introduced recently by the Government of India, namely, the revised accounting structure, the departmentalisation of accounts, the integrated financial adviser scheme, the delegation of enhanced financial powers to administrative ministries/ departments, etc., are all calculated to facilitate introduction of management accounting in government to support the system of performance budgeting. The process of reforms, however, needs to be carried forward to effect further improvements, necessary to achieve the desired results. These pertain to supporting the new accounting structure with a subsidiary set of accounts to enable responsibility accounting, designing suitable information systems for different administrative authorities and executing agencies, integration of accounting and finance functions at various levels to provide the necessary support to the administrative and technical officials in their decision-making functions, etc. The efforts begun already towards introduction of management accounting in government, supplemented by other measures necessary to be undertaken, as discussed here, should greatly facilitate operation of a system of performance budgeting.

# **VAGUE TERMS**

In government activities and operations generally, there is constant reference to the terms 'economy', 'efficiency' and 'effectiveness' in legislation, policy directives, manuals, handbooks, audit reports and evaluation reports. Everyone expects government to operate with these objectives in mind, but the terms are seldom defined for the guidance of the officials charged with responsibility for the operation and management of specific government programmes.

—Handbook on Government Auditing in Developing Countries, United Nations, 1977.

# Performance Appraisal : Some Techno-Cultural Issues

Bata K. Dey

**DERFORMANCE** evaluation, variously known as performance appraisal. merit rating, efficiency audit, ability record, staff notation system, annual confidential reports, etc., is basically an annual exercise commissioned by the management to get to know how an employee has performed on the job during the reporting year. Simultaneously, it also seeks to reveal the personality profile, or, as it is popularly known, the character-role of the performer. This latter aspect is also microscoped because it is assumed that character-characteristics of the performer have positive relevance to job performance. It is a hardy 'annual' which every supervisor has to submit on his subordinates whom he has been required to supervise or over whom he exercises direct work control. The first performance report (FPR) is further submitted, up the line, for a review to the next superior level officer. also known as reviewing officer, who is at a second remove from the officer reported upon. There is a prescribed format on which such reports, which are 'confidential' in nature, are written and these forms vary from the 'open' type to the detailed (i.e., itemised type) for different categories of employees. Suitable guidelines and general instructions have been formulated and are in vogue which not only regulate the manner of writing such performance reports but also elaborate many other crucial matters concerning the system of appraisal itself, including the modalities of filling up the forms and the strategies for follow-up action.

In point of time, performance appraisal dates back to the day of establishment of organisation itself; that is, ever since perhaps men at work have thought of assessing the adequacy of their endeavour in relation to the goal through a study of the actual accomplishment graph—the nature, the quality and quantity of the end-products. Even self-employed individuals or professionals sat, and still sit, in judgement of the level of their own achievement compared to their aspiration, and the gap between the two has often led to the restructuring of the strategies for goal-fulfilment or re-defining the goal itself. The appraisal, then, connotes a two-dimensional concept; at one end of the continuum lies the goal set by the authority that be, or the

organisation, and at the other end, the performance achieved by the individual or any given group.

#### IS EMPLOYEE THE FOCUS OF ALL APPRAISAL?

Organisation has normally an array of objectives and predetermined purposes to achieve. Towards this end, it has to design particularistic structures and hierarchy; determine functional role relationships; organise work ways or procedures, frame rules and lay down other regulatory processes. It has simultaneously to employ men, impart training and maintain a productive work system. In short, all these inputs — machinery, methods and men are at work to optimise the given objectives. In any evaluatory exercise, every one of these elements is important from the holistic point of view, i.e., an organisation's overall framework of goal-seeking activities. 'Personne!' forms only one, though a very important one, of the input-parameters in the organisational functioning. And appraising individual capability in terms of technical skill, conduct and other personality traits, to the exclusion of an organisation's total support-system for task-actualisation and through it. goal-realisation, is bound to be fractionised in nature and limited in impact. Also to attempt to assess the total organisational capability in terms of the performance level of only one part of the inputs, i.e., the personnel, is like trying to comprehend an elephant by the size of its trunk or its tail.

It will, therefore, be legitimate in this context to raise a couple of basic questions. Indeed, to appraise the appraisal system itself, it will be fair to put the fundamental poser. Who really is responsible for 'performance' in an organisation? Rephrasing the question slightly differently, one may ask, can an employee be made the focus of all appraisal? Or should he really be? How much is the individual-oriented assessment system scientific? Or realistic? (even adequate)? Does the traditional task-evaluatory, trait-rating method satisfy the tests of modern design of contemporary organisation? Can it really meet its requirements? What happens to policy and practice, infrastructures and other values of organisational management such as participative system of decision-making, worker involvement in dispute settlement, recognition of group dynamics, informal organisations as work propellers, etc.? Has not the centre of gravity shifted from individual to 'group' in furthering the cause an organisation has before it? Is appraisal really a judicial process, where the supervisor plays the role of a judge, delivering final judgement on the guilts and faults of 'parties to the dispute' i.e., the workers of an organisation? Does not the conventional appraisal stand self-condemned by committing to a polarised status-trapped two culture fallacy, when the trend is towards a unified promotive work culture? Satisfactory answers to these fundamental questions must be obtained before evaluating the existing system of performance evaluation.

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Let it be conceded straightway that the answers that are being sought are not easy to get; such attempts will probably result in transvaluation of the logistics of appraisal itself; they certainly must proceed by challenging, and if necessary, jettisoning, some of the absent-minded postulates. It must be analysed if the existing framework of evaluatory system, drawing its sustenance from the conventional wisdom of structural-functional orthodoxies, is not based on the sandy foundations of wholly inadequate rationale.

Ouite apart from the fact that the totality of organisational cosmos which supplies the real life-force to the content as well as the context of job performance, is often forgotten, and hence ignored, in making individual appraisal, there are many other dimensions basic to, but missing in, performance appraisal. One of these is the job itself, the pivot round which the work the worker and the supervisor revolve. In most organisations, well articulated job-description sheets are just not available before incumbents are required to perform on the job. It is the common experience of most, if not of all bureaucrats that they are simply pushed into the work vortex and have to decide for themselves how they would provide flesh and blood to the skeleton, give shape to the nebulous job strata and fill up the work environment. In other words, except for a very foggy idea of what the broad job tasks are, most individual performers in the organisation are not fed with any precise knowledge about job-breakdown, task-specificity, inter-job comparisons, the contextual challenges of the job, and the overall goal-gratification systems in the organisation, at the macro and micro levels. Yet, how optimistically, we expect not only satisfactory but also perfect performance. We test a man's performance on a job without in fact telling him what his job is, and what is expected of him.

As if this is not enough, the fault is compounded by instituting a judgemental process without informing the person being judged on the norm of evaluation, i.e., the yardstick of assessment. The second missing dimension then is the evolution of job norm or the standard of performance. If the first defect has been caused by an insufficiency of job description or lack of specificity of task-data, the second is occasioned by the failure to adopt a practical judgemental standard—a situation characterised by an 'ethical lag'. It is like pronouncing a man guilty without letting him know his guilt as reflected in the norm-displacement, or without telling him what code of conduct has been violated, and how. Thus, before first setting up a performance standard and internalising it into the work-system (of individuals) in the organisation, it will be unfair to judge anybody's performance. It signals the entry into the appraisal system of arbitrariness and subjectivity, the things that are being sought to be combated.

This, in short, must lead us, as a prerequisite to a fair appraisal system,

to a kind of input-output relationship-structure with properly built-in control and feed-back mechanisms, as follows:

Input: The job responsibility, authority, delegation, time, organisational resources (material and cultural), group support, environmental reinforcement, skill-drill, rules, regulations and workway already in force or redesigned and so on.

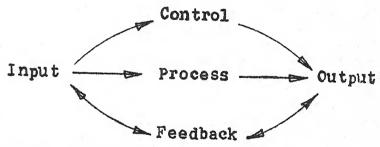
*Process:* The job execution system, procedures, sub-system process, work mechanism, etc.

Output: The completed work; executed job.

Control: The performance standards, norms and yardstick, internal and external monitoring mechanics, supervision, etc.

Feedback: Evaluation of the processes of job completion and the completed job, together with a blue-print for better execution and advancement.

The graphical chart below presents these relational sequences:



In short, performance appraisal system, ideally, is an organisational-personnel harmonisation programme designed ultimately to improve the capability-effectuation of both. This is the third missing techno-cultural dimension in appraisal system.

This intra-organisation relational network, by itself, does not seem to be adequate to wholly explain performance. Often, organisational effectiveness is not entirely a function of the capability factor of the personnel in the organisation; it is critically connected with many other parameters related to the exogenous environment of organisational functioning, which determines, both quantitatively and qualitatively, even the level of individual performance within an agency. Ecological, infrastructural, and external impact may sometimes make nugatory whatever positive performance factors there may be

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within an organisation. Lack of appreciation of this externality as a factor in performance is also one of the neglected aspects of the evaluatory system.

#### PURPOSE OF PERFORMANCE APPRAISAL

Formal performance appraisal plans are supposed to serve at least three needs:

- —the organisational needs by providing constructive judgement to justify salary increases, promotions, transfers and, sometimes, demotions and separations;
- —individual needs by providing avenues of telling the subordinate how he is faring, suggesting needed changes in his behaviour, attitudes, skills or job knowledge, and letting him know where and how he stands with the supervisors; and
- —the by-party needs, by providing a basis for counselling the individual worker by superior(s) and formulating organisation's futuristic personnel policy and action programmes. (Douglas McGregor).

Stripped to its essentials, performance appraisal thus refers to the ongoing estimation of the quantitative and qualitative aspects of job-doing, styles and determinants of personal performance and behaviour, and the growth potential of the employees with a view to furnishing control data to the management which is utilised for the framing of appropriate personnel development policies and action programmes at both macro and micro levels, and enabling also a feedback to the individual aimed at his performance improvement, satisfactory deployment and personal development. This formulation, it should be apparent, is predicted on a humanistic approach rather than the mechanistic. Over much emphasis on output or 'production functions' at the cost of input functions or human resources, i.e., the people at work, can lead to serious dysfunctionalities and contradictions, just as preponderant people orientation may lead to a de-emphasis of the production function. The appraisal by results must so evenly balance the scale that organisation will not be required to indulge in erratic swings between two kinds of distortive extremes.

Performance appraisal, it should be understood, is not an end in itself and achieves nothing by itself. It is really a tool for obtaining certain information and facts about the employee to the higher management with a view to adopting corrective measures, where and when needed; promoting, within the organisation, right personnel practices; and motivating the appraisee to give of his best for achieving organisational success as also his own. It has to be seen as a positive document and not as a negative instrument destructive of the original purpose. It has to be an objective statement embodying a

balanced and unbiased opinion of the supervisor (checked further by a reviewer) but based strictly on the actual attainments, demonstrated proclivities, and estimated potentialities of the employee upon which a constructive plan for efficiency audit, deficiency correction, and total developmental programmes in the area of personnel policies and practices and in the interest of both the organisation and its personnel can be prepared. Performance appraisal is one of the vital inputs for the formulation of a sound strategy for organisational effectiveness. It is, in a real sense, an adjunct of sound personnel administration.

The purposes which are served by the performance appraisal system are: confirmation on completion of probation; crossing the efficiency bar; deployment and placement; deputation and transfer; wage determination and salary increase; promotion; training and development; career planning and management; withholding of increments; demotion; termination; personnel research; development of morale.

The above formulations can be put in the following four broad categories:

(i) strengthening supervisor-employee relationship;

(ii) recognising the employee who contributes to the efficiency and economy of operation;

(iii) determining the methods for improving employee-effectiveness, and rewarding the employee;

(iv) identifying the unsatisfactory employee who should be reassigned or discharged.

There are, in essence, two basic approaches of looking at performance appraisal; the positive or promotive approach and the negative or the demotive approach.

Obviously, some of the purposes served by the appraisal, as indicated above, really relate to developing the employee-capabilities and potentials and motivating them to better and more effective performance in relation to job goals; for example, promotion, salary raise, training, career management, etc. The other group of purposes is linked to the disciplinary aspects such as demotion, withholding of increments, removal, dismissal, etc.

### THE MULTIPURPOSE CONFIDENTIAL REPORT

In our conventional system, the myriad of these objectives is sought to be served by one multipurpose annual confidential report, whereas it is well to realise that there is a positive danger of applying the one single evaluation technique as a travelling medicine-man's cure-all elixir or a kind of 'broadspectrum antibiotics' in all personnel questions. A number of experts (Stahl, nstitu ies fr

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Morano, Hoover Commission, et. al.) have all, separately, come to the conclusion that a report which is specific enough to be valid but wide and flexible enough to serve large range needs and objectives is impossible to achieve. In this view of the matter, it is pertinent to note that the first Hoover Commission suggested that 'ability and the service record' be used only for supervisor-employee conference for performance improvement and not for salary increasses, lay-offs, dismissals, etc. The second Hoover Commission even went to the extent of suggesting that only exceptional performance be formally reported. Indeed, it is idle to assume that a performance appraisal system which can serve positive and promotive aspects of personnel administration can simultaneously serve the negative or demotive aspects also, inasmuch as, apart from the objective-variance, there would be emphasis divergence in the two different cases.

The lesson is clear. If at all an appraisal system is expected to meet certain well defined objectives, it must necessarily be designed with a clear eye to those specific parameters and geared to suit only those limited purposes; an umbrella approach or an all-purpose system to fulfil the multiple needs of multiangled personnel management functions of the contemporary times is nothing short of chasing a chimera. In other words, the facts and comments (on the aspects of work and personality profile) which are 'motivative' in character need to be maintained and projected separately from the other types of critical assessment statements which have negative objects to serve. It is common knowledge that even a casual, absent-minded remark, made without any intention to harm but clubbed with other brighter and sunnier comments, can do immeasurable damage to the future career of the individual worker. The deliberate innuendo-punctuated report-writing can without doubt wreck the appraisee. Some of these remarks, as below, may be noted for their devastating effect:

- -"He has towering personality but is a dwarf in his work"
- —"He is neither clear about the ends and is even more unsure about the means. It is idle to expect a person to run when he cannot walk"
- —"It is a sad thing we are losing this officer. However, all I can say is, our loss is their loss"
- -"Maintains good relations unilaterally"
- -"This officer has talent but has kept them hidden"
- -"Can express a sentence in two paragraphs".

If the 'mixed bag' mechanism leads operationally to undesirable side effects, it needs to be suitably redesigned. But a more fundamental objection to the unified citation system in appraisal reports comes from ethical considerations and moral mores putting men at work in the dock like accused criminals and going through an arbitrary, almost one-sided ex-parte judicial

process without any worthwhile defence mechanism built into the system which is heavily weighted in favour of the bosses.

The utility of the performance appraisal system, as it is in operation in the civil services today, can be judged from another practical point of view also. It is perhaps part of everybody's experience in bureaucracy that less and less reliance is made on performance appraisal for meeting more and more objectives that have been theoretically set for it. Its irrelevance comes into sharp relief when we try to relate it to the civil service promotion system which is one of the most important purposes for having an appraisal. It is paradoxical again, that higher positions are—at any rate had been, till only recently —subjected to less stringent scrutiny of merit through comparative rating. as distinguished from lower levels of hierarchy, though the stated principle of selection may be, might or have been, 'merit'. Traditionally, supersession at higher levels in respect of higher civil services had been minimal, which indirectly corroborates the hypothesis that performance appraisal findings are put to 'paper' use more than to 'actual' use. There is another dimension to this question. The principle of selection for promotion of different categories of the Government of India employees, indicated in the statement below, would go to underscore an ambivalence, or what Fred Riggs would choose to call a 'formalism'

#### Statement

Category

Principles of selection

Group D

(a) Within Group 'D'

Seniority, subject to the rejection of the unfit

(b) From Group 'D' to Group 'C'

(i) Selection

(ii) Competitive test

Group 'C'

(a) Within Group 'C'

(i) Seniority subject to the rejection of the unfit

(ii) Selection

(iii) Limited competitive test

(b) From Group 'C' to Group 'R'

Selection (excepting a few cases)

Group 'B'

From Group 'B' to Group 'A' Selection, i.e., merit

Group 'A'

Central Services Group 'A'

(a) Junior to senior scale:

Seniority-cum-fitness

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reg rifica (b) Senior to junior administrative grade Selection, i.e., merit

(c) Junior administrative grade to selection grade:

(i) Indian Defence Accounts Service (SG: Functional) Seniority-cum-fitness

(ii) Indian Economic and Statistical Service (SG-Non-Functional) Selection, i.e., merit

(d) JAD to Senior Administrative S Grade (Level II)

Selection, i.e., merit

(e) From SAG (Level II) to SAG (Level I)

Selection, i.e., merit

# I.A.S.

In December 1975, certain guidelines were issued by the Central Government to the State Governments in regard to promotion/selection of the members of the IAS to the various grades of the service. The principles of selection in the IAS (scale and gradewise), as flow from these guidelines, are as follows:

# Category

# Principles of Selection

Junior scale to senior scale:

Senior scale to the selection grade:

Selection grade to supertime scale:

Seniority (Chief Secretary may evaluate the performance of IAS officers in the junior scale for deciding their suitability for promotion to the senior scale).

Merit with regard to seniority (A committee consisting of Chief Secretary and two other senior officers of the State will screen the members on the basis of the principles menioned above).

- (i) Screening committee consisting of Chief Secretary and two officers in the State, namely, of the rank of A.S. to the Government India.
- (ii) Zone of consideration would comprise IAS officers who have completed 16 years of service.
- (iii) Suitability to be judged through character roll record, as a whole, and general assessment of their work.

(iv) A fresh panel to be prepared after the officers in the previous one have been provided.

Assuming that the performance appraisal report is the principal means of assessing merit which, in turn, is the principle of selection for promotion for different categories of civil servants, it is easy for anyone to see from the foregoing paradigm, what the significance of appraisal is in influencing and determining the career and promotions, for which groups of civil servants, and also how the inter-group merit tilts.

## THE IRRELEVANCY OF THE CIVIL SERVICE APPRAISAL SYSTEM

There is yet another dimension to the question of irrelevancy of appraisal. If one pauses to analyse how many classes or categories of employees get how many promotions in their entire civil service career, the hollowness of utilitarian claims on behalf of a sophisticated, over-rated evaluation system will be apparent. One survey made recently (which may itself be over-liberal) seems to indicate that about 80 per cent of the employees of the government get their first promotion (in several cases, also the last) around 20 years' service. Out of the remaining 20 per cent perhaps about 5 per cent get it either just before or around 15-16 years of service, about 3 per cent, around 10 years, and the rest, about 12 per cent, get later than 25 years: (Less than 3 million Central bureaucrats get the first promotion before 5-6 years.) The lucky 5 per cent who get it between 10-15 years manage it either through examination or through so-called 'outstanding' traits in their performance, conduct or behaviour. The unfortunate 15 per cent do not get it because of 'less than adequate' report, in whatever way the adequacy criteria are framed. It would then be apparent that the performance report can have no more than marginal significance for an overwhelmingly large percentage of officers in different categories (particularly at junior levels) and around 5 per cent of the relevant universe only may be affected by the report in advancing the first promotional break on the 'left bank' of 20-years of service. This would, by and large, be the position in classes IV, III and II services/posts and they constitute about 97 per cent of the government employees.\* In all India and class I services, strict merit assessment through

| *Class of Post        | As on 31.3.75 | Percentage |
|-----------------------|---------------|------------|
| Group 'A' (Class I)   | 32,531        | 1.10       |
| Group 'B' (Class II)  | 57,936        | 1.95       |
| Group 'C' (Class III) | 15,78,767     | 53.15      |
| Group 'D' (Class IV)  | 12,86,534     | 43.32      |
| Unclassified          | 14,356        | 0.48       |

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performance appraisal system (as it is generally applied in respect of other classes and categories of employees) does not seem to be fully operative, which further restricts the impact of appraisal in the whole scheme of promotion in the civil service. For whom, then, does the performance appraisal bell toll?

If to 'promotion'—the acknowledged 'star' event of the civil service career—the evaluation report—has only this much to contribute, it is easy to imagine what its impact would be on other happenings in the career path. It is too well known to restate that career for most in the civil services is what rolls out in its own inertia, and for more people, career planning means neither career nor planning inasmuch as career, if such a thing exists for them, has a tendency to plan itself rather than be planned.

Career development is conspicuous by its absence, not only as an operational idiom or applied strategy but even as a conceptual value in the civil services in this country. Development or management of career, as a conscious or planned activity in government, does not cover more than 12-15 per cent out of the 1.10 per cent of the total government employees. If 85 per cent of 1 per cent of the whole universe of government personnel is beyond the pale of a thing called 'career', what significance can the personnel policies/ practices have?

Where development is not a value per se, personnel practices become a ritualistic routine. Development, in such a situation, becomes largely a function of availability, deployment of 'sparability', deputation of 'management' (whatever that means), and performance ceases to be a critical factor and can only play a secondary role. Promotive or developmental part of evaluation being already severely restricted, performance appraisal has necessarily to take refuge in its negativism, that is, to its punishment orientation. It is not, therefore, uncommon to hear in the corridors of work-place in the civil service that the annual report is a 'stick' which the bosses have in their hands to weild for compelling compliance, forcing loyalty and securing subservience from the subordinates. Who can deny that in this country, as perhaps elsewhere, there exists a suppressed, 'cold war' between the boss and the subordinate even in the best of times? The annual confidential report written by the boss is regarded more as a 'black book' where vices are recorded with greater facility than virtues, and are accorded a higher value. It is a system in which the superior virtually holds the future of the employee in the 'palm of his hand' and with one performance appraisal, he can make or break the subordinate (Morano). The employees can be more appropriately compared to the products of an assembly line, accepted or rejected as a result of an inspection process (McGregor). Unfortunately, even in a modernised development administration where administrative development is talked of so much

and organisation development is the 'in'-thing, the positive aspects of appraisal, which lie at the heart of a modern and progressive personnel administration system, are not even emphasised in actual practice, but merely utilised as a theme for class-room talks and seminars. The whole evaluation exercise is shrouded in secrecy, and the annual report is treated as confidential, in which the worker is taken as a party who is on the mat, and always on the defensive. Evaluating is easily accepted as a supervisory privilege and the proverbial prerogative of the boss whereas constructive supervision, good guidance and careful counselling through which improvement of the subordinates and their work-quality can be effected do not seem to come anywhere near the basic structure of the supervisor's (and hence, appraiser's) duties and functions. Accordingly, there is no participativeness (of the performers) in the appraisal process, and the worker's voice about the various aspects of performance, the problems encountered in the process of working, the structural-functional weaknesses, the organisational and environmental dark-spots hindering performance (and whose removal may improve it) etc., is not heard at all. Worker's response to the removal of environmental constraints in work-place and job-situations is often taken as 'dissent' to be eradicated and 'insubordination' to be suitably dealt with (perhaps through the confidential report). It is as if work is a non-issue, workers are 'nobodies' and concern in work processes for task accomplishment and goal realisation (for which organisations exist and workers are engaged) is nobody's business. In bureaucratic organisations, it suffices if only the hierarchic superiors have the satisfaction of exercising the privileged prerogative of 'playing God' at the end of the year (McGregor)! No wonder, unpalatable conclusions have been drawn in many knowledgeable quarters that in bureaucracies, with a plethora of imaginary constraints, the employeeappraisal system has reached the ultimate in uselessness (Silverman and Menessa).

#### THE RELATION-STRUCTURE OF JOBS

In such a work environment, the things that look larger are authority, power, control, dominance, hierarchy, super-ordination, etc., on the one hand, and loyalty, obeisance, conformism, subordination, etc., on the other. The things that pale into insignificance are concerns and considerations as to why there is an authority structure at all in an organisation, or, questions like, power for what, or what requires to be controlled (work or workers) or why hierarchy at all, etc.? That the appraisees are also partners in organisation progress, that they form the nucleus around which real work revolves, that there should be a continuity of dialogue between those who work and those who supervise work, or that the appraisal, normatively, must reflect an analysis of the strengths and weaknesses of work and work process, with an idea of ultimate improvement, are often forgotten in the conventional world of

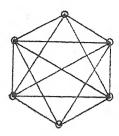
work, certainly in bureaucracy. These missing links, the fish-plates, as it were, go verily to 'derail' the appraisal system itself and inject distortions into the work norm and work cultures.

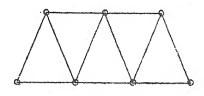
Apart from a lamentable lack of appreciation of a totality of organisational ambience for a goal oriented work culture, the traditional performance appraisal is, in reality, predicated on a 'two culture' phenomenon. The supposed dichotomy, the 'great divide' between superior-subordinate, supervisorworker, manager-employee, representing a kind of biparty polarisation, brings about, from the angle of psycho-social analysis, an artificial fragmentation of work which should not, and therefore need not, exist in any productive organisation. In actual practice, however, these two parties represent two opposite interests and they also bring into the work situations differentiated and diverse cultures. The appraiser has his own background (educational, social, and economic), a certain structure of personality, an individualistic standard of achievement, a particularistic concept of efficiency and expectations of excellence of performance; at the back of his mind lurks the elitist, 'looking-down-from-top' approach, representing, as it were, the top management interest, far removed from the worker's ideas of what is good or bad for work. In the same manner, the worker comes from a separate environment with different education/skill context, and a different pattern of values, and his job-centred tormentations, problems of role-perceptions and other socioeconomic afflictions. And both remain captive to their own psycho-cultural circumstances. When, therefore, an appraisal is attempted by a supervisor, he necessarily adopts his own value norm and criteria, individualistic yardsticks, and above all, his own ideals; he cannot approach the real world of work and understand, comprehend or appreciate the worker's dimensions. The socio-cultural distance and disparity built into the sub-conscious value layers of individuals at the two levels plague the system of evaluation ab initio. This inevitably results in a kind of unethicality, resulting in violation of integrity of personality (McGregor). Often it is forgotten that work in an organisation is a corporate venture requiring the pooling of multi-disciplinary skills and collaborative endeavours of many and not one, or even a top few, at the vertical and horizontal levels. It should be remembered that this concept of 'verticality' and 'horizontality' for organising work is also tradition bound. Recent researches in the relation structures of jobs have shown that there are alternatives to hierarchic organisation and that vertical role-set is not the only arrangement for meeting the goal challenge. In reality, the work-flow process has a criss-cross course and often is not verti-linear in nature (Herbst).

There, indeed, could be different ways of organising work to achieve the goal and once single structure hierarchic linking relationship for fulfilling the job-needs is given up, the whole scheme of super-ordination and subordination falls to the ground. As a matter of fact, if there be any worth in the

Model I







Each man—all tasks: Composite Autonomous Group.

Each man—overlapping competence with other members: Matrix Organisations

principle of participative management, it is this: it shows that involvement of the performers could be of critical significance in management, total task-setting and goal achievement; in short, in all decisional situations. Depending on identifiable work system, there could be relevant work groups to deal with (in a direct democratic manner) work related issues, such as organisation of work technology, development of skills, deployment of members, development of norms, including norms of discipline, operationalising schedules, autonomously managed problems of leave, absenteeism, cost reduction, working conditions, process improvement, inspection and quality assurance. In short, the group can take over from the conventional supervisor some of the critical functions of supervision with a sense of collective responsibility (De, Nitish R.). Work, then, ceases to be an individualistic responsibility but becomes a group endeavour and the conventional hierarchy relationship between the superior and subordinate becomes irrelevant. Control in such a context yields place to coordination.

It is in this context that even a relatively contemporaneous concept like Management by Objective (MBO) may need to be modified to yield place to Management by Group Objectives (MBGO) which reflects more accurately the rational work culture and can be more potent and relevant as a management instrument. In MBO, managers relate to each of the subordinates as individuals and all interactions are person-to-person, so much so that an individual worker, in extreme cases, can even act at cross-purpose by undercutting co-workers and thereby subordinating the group or corporate interests in favour of magnifying individual achievement. In MBGO, which essentially reflects group-work-organisation, managers and subordinates, on the contrary, act in teams in both objective setting and performance assessing; the interactions under it are between managers and all the subordinates in group, the manager himself being an integral part of the group MBGO as a

motivational technique for more effective achievement is founded on a fully participative work model, coordinated management style and group problem-solving approach through team work. The traditional structure and hierarchy formations with concomitant authoritarian, exclusive, and controllist values may thus be given the go by, and individuals may merge into the joint family of a new work system, if only a work organisation culture can be varied (Rensis Likert and H. Scott Fisher).

#### THE CIVIL SERVICE CULTURE

The civil services system in India is cadre based and there are broadly three tiers of services; the federal services (which are purely Central services), the State services (which fully cater to the needs of the State Governments) and the all-India services (which are common to the Union, i.e., the Centre and the States). These services are further broken down into technical and non-technical services and classified into groups A, B, C and D in terms of differential pay ranges which determine their recruitment mode and class character. This multiplicity and the bewildering variety of service groups, cadres, sub-groups, etc., have a considerable bearing on the value systems of the appraiser as well as the appraisee, depending on the cadre from which, say, the superior comes or to which the subordinate belongs.

Over the years, it has been found that the character of appraisal in government has been influenced by the 'home' culture, which is an amalgam of the overall goals and functions, traditions, experiences, work-environment, elitist image of the parent services, and so on. It is not unusual that members of the IAS and other so-called higher services adopt, while evaluating others belonging to a different class of employees, a stricter standard of judgement in tune with their perception of a high-calibred elitist image of their parent cadre(s), or their own conception of efficiency and attainment of excellence.

There is also a total administrative culture which, as a factor, affects the appraisal system in a very significant manner. The values that are either tolerated, encouraged, or rewarded in a given administrative system will determine the type and character of the personnel appraisal policy and practice of that system. 'Subordination', 'authoritarianism', 'fearlessness', 'conformism', — these are all valuable features of an administrative culture which, one may validly argue, are in reality the extension of social culture. More specifically, and in a limited bureaucratic context, 'efficiency', 'integrity', 'discipline', 'work norm', criteria of a good boss or of subordinates are factors which will vary from one system-culture to another. Perhaps, educational, religious, moral and ethical standards of groups have something to do with such psychic patterns. Often experiential behavioural practices in a system

for long periods (for example, the administrative culture of a colonial regime acquiring the characteristics of the dominant culture of the rulers) set the tone of values of a given system.

In appraising others in work-situations, not unoften, the familial and social norms are repeated. As in the joint family institutions of Indian society, hierarchy is accepted in organisations also almost as a matter of course. And once the superiority of the age, richness and righteousness of the 'grey hair' and a fear of the top are internalised, the other corollaries of 'assessment' design follow automatically, and the same social values are perpetuated in formal organisations.

In such a background, it is easy to appreciate how seniors have been allowed to live by the fruits of juniors' labour, how juniors have traditionally been judged by the degree of their contribution to the fulfilment of the superiors' aspirations, and why no murmur of protest is raised. Personal loyalty\*, wholesale surrender, servile subserviance (ma-baapism) etc., instead of organisational and programme commitment, non-conformist work style, and high headedness to espouse right causes become inseparable ingredients of administrative system mores.

It is clear that the culture of a social system is one of the strongest determinants of the work sub-system, indeed of the working life itself. Appraisal of performance in a situation involving superior-subordinate relationship (which itself is based on subjective-objective behavioural mix with strong emotional contours) can be justified only in terms of performance improvement. If 'appraisement' is a management toolit is because the relevant management wishes to use it for goal accomplishment, task fulfilment and target achievement; from this point of view, performance appraisal is nothing but a management information system. But it is also to be noted that since the management wants to gather reliable data about the performance schedule

<sup>\*</sup>Loyalty is a multi-causal phenomenon; it may be based, among others, on the following:

<sup>-</sup> emotional needs of the involved persons

identity of interests

commonality of work-related purposes

<sup>-</sup> similarity of value systems

<sup>-</sup> belongingness to one linguistic, religious communal or even regional group.

Not all loyalties are bad per se. Work related value based or programme oriented loyalties can generate team mateship, inter-personal homogeneity and organisational effectiveness. But loyalty may be dysfunctional also, once it ignores work issues, banishes broader perspective of organisational objectives, and creates psycho-functional relationship of distrust, distance, sychophancy and disbelief of other subordinates. When selfish, individualistic 'quid pro quo' deal is struck between superiors and subordinates through wilful loyalty nexus, that becomes the end of rationality norms of formal organisational culture.

of its employed personnel for further use in the interest of realisation of the objectives of the organisation, through formulation of dynamic personnel policies, innovative work-practices, adoption of mechanisms for controlling norm-derailments, disciplining wilful aberrations and installation of a productive culture, the information that will be obtained through performance appraisal must be objective, fact based and evidence supported and not merely opinion oriented. Un-substantiated, subjective judgements lose value not only as a progressive developmental endeavour of the organisation but also as a control mechanism, thereby defeating the very purpose for which appraisal programmes are initiated.

#### THE OPEN REPORTING SYSTEM

Apart from organisation, there is, in an appraisal programme, another 'audience' also, namely, appraisee employees, and it goes without saying that such a programme must be worthwhile for both, and viewed as such by both. For the appraisee, appraisal is a 'feed back' system. It allows him to know how he stands, workwise, performancewise, in relation to the boss. It enables the organisation to start up coaching, counselling and guidance programming which are mutually beneficial. Reward and punishment systems in an organisation are operated through management decisions based on inter-personal evaluation and comparative judgements, and the people at work are vitally interested as to who should be promoted, transferred, laid off, given pay-hike, and so on. Unless, therefore, this basic 'need to know' is satisfied (and this right of knowledge is essential, indeed, inescapable, for influencing one's future by providing opportunities for career growth and development) the employees will live in perpetual darkness about themselves, which leads to a complex of contrary psychological reactions such as withdrawal, apathy, alienation, bitterness, aggression, resentment, etc. This can be good neither for the individual nor for the organisation. Secrecy of the appraisal reports, creating precisely these very conditions, may decisively deal a death blow to all the plus points that can be promoted through objective and systematic performance evaluation schemes. By providing this much-in-demand knowledge regarding how one has performed in relation to what was expected (comparison with prescribed standard), in relation to what others have done and how (comparison with co-workers), and in relation to the results set individually for the job (comparison with job objectives) the open reporting system affords opportunities to the employees not only for improvement of current performance. behavioural modification, attitudinal changes, and skill-cum-knowledge enlargement but also for making them aware what all this means for their future and how they (appraisees) can 'input' these data on career goals and interests as also reconcile their expectations with available opportunities. It is unethical to hide, and hold back, information, for information is power—power to make or break both the individual and the organisation.

We are here approaching the territory of the technical aspects of an appraisal system. Once it is decided that evaluation needs to be done as it has multiple advantages, the next step to be taken will relate to how best such a programme can be designed, installed, maintained and improved. While cultural factors provide the philosophical and ethical parameters (as also the constraints), the technical aspects deal with the mechanistic issues and must proceed by solving process-problems, designal difficulties, and take into account tactical and strategic matters.

An appraisal system, to be meaningful and acceptable, needs to be grounded on certain perceptive premises:

- —it is believed throughout the organisation that the appraisal system itself is job-related, performance based, uniform and non-variable, fair, just and equitable;
- —there is a general belief in the organisation that appraisers are honest, rational, and objective in their approach, judgement and behavioural orientation;
- —it is accepted that appraisers relate appraisal to work-centred issues and have no personal, subjective, work-away orientations;
- —it is agreed that management bases personnel policy decisions on the data unfolded by such objectively derived evaluation and it values most the judgemental findings of the report for promotion, transfer, training, development, etc., without being swayed by external facts and factors;
- —appraisees perceive that appraisal is related to performance in job and not other factors;
- —appraisees believe that the system is fair and gives no undue advantage to others:
- —appraisees accept that rewards are linked to adequate performance which the appraisal reflects.

Even the most scientific, logical and mechanistically sound system of appraisal is bound to fail if:

- -the 'culture' consonance is absent:
- —there is artificial distortion, and lack of objectivity in the appraisers at the stage of writing as well as at the stage of evaluation of written reports;
- —the appraisals have no uniform linkage to rewards.

#### SUBJECTIVITY, THE VILLAIN

These are, of course, psycho-social issues and technical safeguards can operate only marginally in these areas. Admittedly, a system is what men operating it make of it. It cannot obviously go beyond the level of integrity, character and quality of the system-runners. Subjectivity is, therefore, the villain of the piece and our principal target of attack. On the cultural, mental and behavioural front, improvement is possible through training, organisational breeding and learning process and developmental programme. From the technical angle, designing of the format and follow-up rules and guidelines could be utilised for better result. Elimination of subjectivity, a function of both culture and technique, is perhaps impossible to achieve; reduction of it is what is possible to attain.

Before work on technical sophistication and attempt at perfection of performance appraisal programmes is initiated, it will be necessary to know what the perverting factors are that make objectivity in appraisal a casualty. Also, it will be essential to find answer to a number of questions that are basic to designing of an appropriate appraisal system.

The factors that make for poor objectivity in appraisal may be broadly grouped as psychological blocks; criteria problems; and distortions.

While the major pitfalls flow from the psyche of the superior in relation to the subordinate, some of the psychological issues impeding objective assessment are related to the dominant orientation of the superior. It has been seen that bosses wish to see the subordinates only in their own image. Certain bosses will have dynamic and some other static task orientations, so that the former cannot assess objectively a subordinate who has preference for maintenance, is routinistic, regulatory and rule-applying type, and similarly the latter type of bosses cannot tolerate workers with strong traits for innovation. dynamism, growth and learning. Again, there will be bosses who are obsessed with status and interpersonal orientations with more than necessary emphasis on hierarchic role-relationship, who would like in the subordinates traits like loyalty, discipline, subordination, helpfulness, mild manners, introvertism. There, again, will be persons who would have a work-away orientation, valuing traits in subordinates which have no work-relatedness or functional relevance. There are still others who are pure conformists as boss, who would assess their subordinates by the degree of conformism to (or deviation from) the accepted operational idiom of the organisation or their own ideology. All these are ingrained in the psychological configurations of bosses\* and unless there is a basic change in the culture-content of the bosses, no improvement of more than marginal nature is possible.

#### CATEGORISATION IN EVOLUTION

One could mention many other factors such as 'halo effect', or 'blending tendency', 'stereotyping' incorrect correlation between non-relevant fact with functional performance, cultural consonance (or dissonance), non-work contact or social standing of the subordinantes, 'power-equation game', desire for popularity-image, etc., which also influence the objectivity of the assessment. The criteria problems similarly affect objectivity rather badly. Nebulous traits such as creativity, intelligence, initiative, ambition, dynamism, etc. very often pose definitional problems and, sometimes, even well defined or articulated traits such as productivity, responsibility, etc., can be liable to misinterpretation. It is ordinarily seen that there is a lamentable lack of uniformity in the meaning of certain critical terms such as 'good', 'very good', 'outstanding'; nor is there any clarity in standards adopted while assessing the employees of similar category. Moreover, the absence of agreement or unanimity among raters on the value to be attached to the categorisation prescribed in evaluation or the expressions used in the reports which vary rather widely throughout the civil services almost plague the appraisal system itself. There are, in all organisations, some easy graders, some hard graders; some, in their genuine belief or out of inflated egoism, take it as a matter of principle to call a spade a spade and write just 'good' if he feels the subordinate is good for the work, without taking into the account the overall organisational or ambient environmental reality. The differing perceptions, that is, variance in terms of value-perspective, functional background, behavioural styles, social status—all affect the attainment of objectivity in appraisal (Dey, 1978). Distortions occur when conscious-unconscious bias perverts the normal role-set of the superior in relation to the subordinate. Bias may crop up due to unfairly low or high judgement, emotional factors, political factors, religious, communal or regional factors, recency of good or bad report, or the reputation about the integrity or character of the worker, personal interest in the ratee, central tendency errors, and so on.

Any technical design for performance appraisal must counter these

<sup>\*</sup>There could be different typology of bosses, derived from the study of their character, personality profile and work style, namely:

<sup>— &</sup>quot;bitter boss", who all the time complains that nothing he expects is done and, therefore, he has preforce to be 'bitter', on 'jitter', boss in interpersonal relations, functional styles, etc.

<sup>— &</sup>quot;better boss", who is more rational, an understanding type given to appreciate, forgive, help and promote.

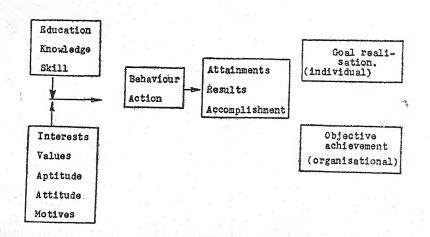
<sup>— &</sup>quot;butter boss", who has no definite personality-shape but will be ready to compromise for a price (even wink from a boss!) and hence a believer in and practitioner of 'quid pro-quo'.

problems and try to eliminate (or reduce) the area of such subjectivity. There are basically two approaches to the evaluation:

- —the traitist approach, that is, the rating method;
- —the end-product approach, that is, the objective method.

In the former approach, attempts are made to 'identify' qualities, traits, or behaviours necessary for effective performance and rate the employees against the profile thus developed (Marion G. Hayenes, 1978). The latter approach is goal or result-oriented in that this method concentrates on performance planning, joint participative sessions between supervisor/subordinates to set goals and targets, to plan for resources, to adopt strategies, to review progress and go in for goal realisation and accomplishment of organisational objectives. The objectives are sought to be quantified and appraisal of performance is based on evaluation of result achieved against these objectives. The evaluation may bring out if the employees exceeded, met or did not realise the set objectives. The rating method, used alone, will not fully focus on results inasmuch as its emphasis is on personality profile, behaviour, skills, knowledge, attitudes, etc., which are 'executive' (or the means) to achievement, whereas the objectives method tends to suffer from insufficiency of performance analysis or methodological parameters. A combination of the two may perhaps offer a practical alternative for general application.

An integrated model for the two may be presented in the following paradigm:



The above model admits of three sub-models;

# Personality

including emotional make-up, character, values, intelligence, job-knowledge, skills, ingenuity, cooperativeness, initiative,—which, in short, is the central character of the success-story.

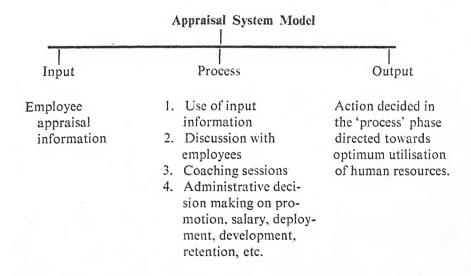
## Behaviour

including actions, relationships, processes, external manifestations of personality.

#### Results

including measurable attainments, quality and quantity of accomplishment, job-effectiveness, actual end-product of personality and behaviour.

Whatever the methods, the basic features of a work-system and, therefore, of appraisal, lend themselves to a 'situational systems approach' (Silverman and Minessa) or an 'input-output model' which may be represented as below.



While these models seek to bring some conceptual clarity to the complex issues involved in the appraisal system, the fact remains that before the appraisal design is developed and suitable and relevant techniques used, the objectives of the appraisal programmes (not end in themselves) should be kept in mind. Also, certain basic policy decisions will have to be taken, namely, who will be the appraisers, what will be approach, what will be the appraisal base, what techniques should be adopted, what factors to be appraised, and so on.

#### ALTERNATIVE EVALUATION SYSTEMS

In the conventional appraisal system in a hierarchic organisation, it is the supervisor's prerogative to appraise the subordinates, having regard to the fact that they represent the management, they have the special job knowledge, skills and experience, and as they are superior, status-and-hierarchywise, they should exercise control and supervision over subordinates and appraisal is a condition of control. But cannot an alternative to this be thought of? Cannot the traditional approach be supplemented by

- -Self appraisal
- -Peer assessment or co-worker rating
- -Bottom-up rating, i.e., evaluation by subordinates

There are, of course, limitations to these methods also; the efficiency of these techniques has not been tested and fully validated but insofar as they challenge the traditional orthodoxy and conventional wisdom of an old system, they have a certain reformist value, and also as a supplemental device to reduce individual bias, correct certain judgemental oddities, and distortions.

Peer group appraisal has manifest advantages in research programmes, though it may result in colleague-undercutting behaviour. Bottom-up rating has use to gauge supervisor-subordinate relationship and to provide feedback on the subordinate's perception of the supervisor's work style, personality, actions which can be used for management development programmes. Self evaluation may shoot high ('high achiever') or aim low (modest performer) depending on the objectives that workers wish to achieve and their relationship with the boss, but as a corrective to one-sided supervisory evaluation, it may furnish some very useful data. It is also ethically justified to bring the worker to write about his own performance—what he thought of it, why he performed the way he did; what were the constraints, what help—technical, developmental and supportive—he received from his boss, colleagues and organisational environment as a whole. It is a violence on cultural morality to unilaterally pronounce a man's guilt without asking him if at all he committed it.

Personal bias has been sought to be removed in several ways:

- —group appraisal by those having appropriate relationship with the appraisee, e.g., functional supervisor or working headman;
- -multiple appraisal
  - -many others, including professional merit rater, are associated;

- -second level review
  - -review by supervisor's superior;
- —field review specialists specialists interview the superior and prepare appraisal report;
- —obligatory appraisal interview appraisee is interviewed by a team consisting of reviewing officer, representative from personnel department, reporting officer (if necessary) and one outsider expert/psychologist. The report is finalised after interview.

In addition to these, there are certain techniques of evaluation which go to rationalise the appraisal process and make it objective. Some of the popular ones are;

- —Graphic scales, where judgements are made and recorded somewhere on a continuum from a low to the high degree of the factor being appraised. These scales are usually supplemented with a series of objectives or brief statements describing the factor.
- —Critical-incident Report: It records specific examples of outstandingly good or poor performance and tries to match such incidents with critical job requirements with a view to arriving at a work related evaluatory conclusion.
- —Forced-choice Report: Here the appraiser is asked to describe, without evaluation, the performer by selecting one or more descriptive terms of a set. The terms in each set are matched so that they appear equally favourable or unfavourable to the appraiser. Since the appraiser does not know the value of these terms, *i.e.*, which term to select to give a high or low rating, the most descriptive will be chosen.
- —Weighted Random Checklist: Forms used under this technique are made up of a number of brief descriptive phrases which have been assigned scoring weights during the design of the form. The weights are unknown to the appraiser who fills up the forms which are then evaluated by staff specialists.
- —Ranking: Appraiser simply lists the people in order from high to low. There are at least three methods of ranking:
  - -Alternation ranking
  - -Pair comparison
  - -Forced distribution.

In all the three types all the subjects of the group are ranked, either by alternatively putting the highest and lowest ranked persons or by

pairing every employee with everyone else or by determining the percentage (or number) of employees to be put in each qualitative brackets for achieving a desired distribution.

- —Nomination: Appraisers are asked to identify the exceptionally good and exceptionally poor performers who are then singled out for special treatment. (It is inadequate in that it does not throw light on satisfactory performers).
- —Work Sample Tests: Under this, workers are given, from time to time, work-related tests which are then evaluated.
- —Objective Measures: This technique seeks to quantify individual results.
- —Result-Oriented Performance Appraisal System: This technique attempts to evaluate the performers by the attainment of (or shortfall from) the pre-determined targets in the context of overall objectives, which are jointly devised in collaboration with the performer for evaluating the results actually achieved specified time space.

#### INNOVATIONS IN FORMATS

While some of these techniques do help in checking the human distortions or bias, there have, simultaneously, been attempts to design the format of the reports in such a way as to allow minimum play to the appraiser. From purely open type forms, i.e., free written statements, where the appraiser may employ all his linguistic and imaginative flair to write, in a narrative style, whatever his observations are on the performer, to the itemised, detailed staffnotation system where every factor and every trait is broken down into subfactors and set in scale-scores and the appraiser is just to select from the given alternatives, there are many varieties of experiment in format design. Also, for different categories of employees, different types of forms are used. For instance, for the top levels in Government of India (above joint secretary levels) free style writing in open form is the practice. For joint secretaries' grade, the form that is in use is basically an open form to be filled up in narrative style but certain given factors, traits and qualities that have been found significant, functionally speaking, have to be borne in mind and commented upon, wherever possible. For levels below joint secretaries, detailed, itemised format was introduced in 1975 (on the basis of the ARC recommendations) where relevant and critical trait-factors have been identified and alternative responses in order of values/magnitudes have been indicated. The appraiser is required to write (and not merely tick mark) after considering these alternatives. This itemisation is expected to reduce the free play of subjectivity. Early this year, these detailed forms (meant for section officers to directors) have again been revised to bring about result orientation in evaluation so that

work is quantified, as far as possible, in terms of key duties, targets, tasks, objectives, goals, etc., and performance is judged against the standard so set. Certain basic characteristics representing the fundamental personality profile of the performer affecting performance have to be commented upon. This form is short, crisp and to the point, and is expected to serve the main purpose of such report—to be the convenient tool for the departmental promotion committee. One imagines even this would not be the final form and, in times to come, there will perhaps be many more experiments in designing the formats, the object being, from the positive point of view, attainment of as much objectivity as possible or, negatively speaking, eliminating subjective bias as fully as feasible. The techno-cultural factors in performance appraisal system constitute an endless and timeless debate and the quest for rationalisation and qualitative improvement in the system is thus an eternal one.

# CONTROL OF ADMINISTRATIVE POWER

In relation to public bureaucracies, the problem of control has two dimensions. As in every organisation, public and private, those at the top have to cope with the task of exercising internal control over those beneath them in the administrative hierarchy. But in the public sector there is another problem, for here it is also necessary to devise some means of ensuring that those who direct the operations of public authorities do so in accordance with the collective will of the community. For the chief executive — whether elected politician or career administrator — the question is: how can subordinate officials be induced to act in a way that conforms with the standards and purposes of the organisation? For the community, on the other hand, it is a question of making sure that these standards and purposes are themselves in accord with its views as to the manner in which administrative power should be used.

-The Parliamentary Ombudsman, Roy Gregory and Peter Hutchesson, 1975

# The Office of the Ombudsman in Nova Scotia Province: A Conceptual Empirical Analysis

G. B. Sharma

THE allround response evoked by the ombudsman institution during the last two decades and a half is probably unmatched and unparalleled by any other administrative institution during the entire spectrum of the 20th century. Surprisingly enough, in spite of all kinds of social, economic, legal, constitutional, political, administrative, demographic and ecological diversities prevalent among the nations in all parts of the world, the ombudsman institution has fascinated them all to a lesser or greater extent. Of late, thus, not only has there been an accent on setting up 'ombudsman type' grievance handling mechanisms at the various levels of government, but also such specialised institutions for spheres of activity such as education, correctional services, mass-media, racial relations, official languages and even business management, etc. In the international arena, interest in the ombudsman institution has found one of its finest culminations in the first international conference of ombudsmen at Edmonton (Alberta) in September 1976, which succeeded in drawing thirty-nine ombudsmen from eighteen different countries. In the wake of the enormous interest in the institution generated during all these years, a plethora of literature has been produced on the subject in the form of impressionistic research articles and books, research studies, monographs and reports of official enquiry committees and commissions, etc.

The recent upsurge of the 'ombudsman phenomenon' obviously induces even an average person in the 20th century to come out with a number of questions such as: "What is this ombudsman institution like?" "What does it do?" "Where did it originate from?" "Why has the idea been so much in currency only recently?" Hence, a proper or a fuller understanding of the ombudsman institution in any specific context inevitably entails an understanding of such basic questions about it.

The present paper primarily aims at examining the functioning of the

<sup>&</sup>lt;sup>1</sup>International Bar Association (Ombudsman Committee), Newsletter, Allentown, Pennsylvania, December 1976, p. 1.

office of the ombudsman in the Nova Scotia province of Canada on the basis of the secondary sources of information. Facts and data culled out from the ombudsman's own annual reports constitute the predominant data base of the findings and conclusions reported in the paper. Further, an effort has also been made to compare the observed realities with some of the conceptual premises, wherever it could be possible or fruitful.

## WHAT IS AN OMBUDSMAN?

The word ombudsman now constituting an integral part of the English language, is derived from the Swedish word 'ombud' which in Swedish language commonly denotes, 'a person who acts as a spokesman or representative of another person or persons.' In common parlance, however, the word 'ombudsman' has lately come to be employed increasingly to refer to a complaints-handling mechanism—whether governmental or non-governmental, more particularly in the United States.<sup>2</sup> Recently, nevertheless, efforts have been initiated to standardise the meaning of the term ombudsman. Stressing the need for uniformity in the use of the term the Ombudsman Committee of the International Bar Association has suggested that the term be employed only to refer to those grievance handling mechanisms which come within the scope of the following definition:

"(An ombudsman institution is) an office provided for by the constitution or by action of the legislature or parliament and headed by an independent, high level public official who is responsible to the legislature or parliament, who receives complaints from aggrieved persons against government agencies, officials, and employees or who acts on his own motion and who has the power to investigate, recommend corrective action and issue reports".3

It is, therefore, in the afore mentioned sense that the term ombudsman is being employed in this paper. Now, the question before us is where this ombudsman institution had its origin and how it spread round the world.

#### ORIGIN AND WORLDWIDE SPREAD

Originating in the Swedish Constitution of 1809 as the watch-dog of the parliament against the royal officers, the ombudsman remained a unique Swedish institution until its first adoption by another scandinavian country—Finland in 1919—a country with close historical ties with Sweden. Nearly thirty-three years after its first adoption by Finland, Norway, another

8 Ibid., p. 55.

<sup>&</sup>lt;sup>2</sup>Bernard Frank, 'The Ombudsman Revisited', International Bar Journal, 1975, p. 55.

scandinavian country, set up an ombudsman scheme for military affairs in 1952. In 1955, the institution found its third and historically most important adoption by Denmark. Norway appointed an ombudsman for civil affairs in 1962 and in the same year New Zealand became the first country in the Commonwealth to adopt the ombudsman institution. Ever since 1962 such institutions have been set up in a large number of countries and in great many there is a move to set up similar types of institutions. For instance, in the following countries ombudsman or ombudsman-like institutions have already been established at one or the other levels of government and are presently in operation: Australia (federal; and States of New-South Wales; Queensland; South Australia; Victoria; and Western Australia), Austria, Canada (all provinces except British Columbia and Prince Edward Island); Official Languages Commissioner at the federal level) Fiji, France, Great Britain (Parliamentary Commissioner for Administration; National Health Service Commissioners; and Local-Self Government Commissioner), Guyana, India (Commissioner for Scheduled Castes and Scheduled Tribes; Commissioner for Linguistic Minorities at the federal level and Lokayuktas in the States of Bihar: Maharashtra; Rajasthan; and Uttar Pradesh), Israel (Commissioner for Complaints from Public; Soldiers' Complaint Commissioner; Commissioners for the City of Jerusalem; and Cities of Tel Aviv and Haifa), Italy (Region of Tuscany), Mauritius, Northern Ireland (Parliamentary Commissioner for Administration; and Commissioner for Complaints), Papua New Guinea (ombudsman type three-man commission), Switzerland (City of Zurich), Tanzania and Zambia. In the United States there are ombudsman officials in the States of Hawaii; Nebraska and Iowa and in the cities of Atlanta (Georgia); Seattle-King County (Washington); Detriot (Michigan); James-Town(New York); Lexington-Fayette county (Kentucky); Witchia (Kansas; Dayton City and School District-Montgomery County (Ohio); and Jackson County (Missourie State). By December, 1977 variations of the ombudsman system existed in as many as twenty-five countries. Besides, in countries like Bangla Desh, Philippines and Greece, provisions pertaining to the establishment of ombudsman-like institutions have been incorporated in their respective constitutions but no enabling laws have yet been enacted. Further, in a large number of countries, laws have been enacted but no appointments have been made—Cyprus, Jamaica, India (states of Orissa and Madhya Pradesh) and Italy. Also proposals for the appointment of an ombudsman-like official are underconsideration in Belgium; Canada (federal level and Province of British Columbia); India (federal level as well as in the states of Gujarat and Karnataka); Italy; Malaysia (State of Perak); Malta: Netherlands: Pakistan; Switzerland; Trinidad; and Tobago. In the United States several proposals for the setting up of ombudsman offices are under consideration at the federal, state and local levels. Such a worldwide spread of the ombudsman idea in such a short span of time makes one curious about examining the probable

reasons that account for its popularity in present times.4

## REASONS FOR ITS WORLDWIDE SPREAD

Considering the present worldwide interest in and spread of the ombudsman idea, the reasons for its comparatively very slow diffusion in the pre-1962 period deserve to be probed into before we try to examine the reasons for its faster spread in the post-1962 era. While doing so the first question that comes up before us for examination is: why did Norway and Denmark not become interested in the ombudsman scheme until after World War II inspite of their being aware of the existence and successful operation of such schemes in the neighbouring scandinavian countries? Second, why is it that the idea is being so widely and seriously debated in a large number of democratic countries only recently? Factors such as language, geographic location and cultural isolation of Sweden and Finland were no doubt significant barriers to the spread of knowledge about the ombudsman idea outside scandinavia but no such barriers seemed to have existed for countries like Norway and Denmark. Nor could such factors justifiably explain the reasons for its adoption by Finland itself after nearly a hundred and ten years of its establishment in Sweden. In fact, no simplistic explanation can provide a logical and satisfactory answer to the questions posed above. To us, it appears that no single factor or reason could account for the worldwide spread of this idea in the post World War II era in general and post-1962 period in particular. The following may however be stated as some of the significant factors that account for the worldwide spread of the ombudsman idea during the present times.

# The Changed Socio-political Environment

The changed socio-political environment of the world in the post-II War period, witnessing the ever growing amount of acceptance of the 'welfare state ideal' by a large number of countries, on the one hand, and liberation of an equally large number of countries from the colonial rule, on the other, significantly influenced the spread of the ombudsman idea. The unprecedented increase in the volume of the functions of the state following the acceptance of the welfare state ideal and the consequent growth in its structure, powers and discretion rendered all traditionally available means of control over its operations and personnel ineffective. As 'power corrupts and absolute power corrupts absolutely' and as 'where there is discretion there is room for arbitrariness', necessity being the mother of invention, it became a compelling necessity to search for an effective means for exercising control

<sup>&</sup>lt;sup>4</sup>International Bar Association (Ombudsman Committee), Ombudsman and Other Complaints-Handling Systems Survey, Allentown, Pennsylvania, July 1975-June 1976, pp. 5-16.

over the vast powers and discretion enjoyed by the state functionaries. Further, the establishment of 'home rule' in the newly liberated countries (wherein misuse of powers and authority was largely attributed by the nationalist leaders to the tyrannical foreign rulers) and consequent misuse of powers and discretion by the native rulers coupled with a greater amount of international exchange of ideas contributed substantially to the spread of the ombudsman idea.

Greater Awareness About Protection of Citizens' Rights

The gradual culmination of the ideal of welfare state into the reality of what ultimately came to be known as the 'administrative state' soon led to the realisation of its possible dangers for the enjoyment of fundamental democratic rights by the citizens. Thus, time and again, a growing concern was expressed both by the established as well as the newly born democratic states for providing effective safeguards against the infringement of democratic rights and freedoms of the citizens. However, it was not until the passage of two decades after World War II that the ombudsman institution came to be identified as an effective measure for the protection of such rights against the ever-expanding state horizons.

The Efforts of Prof. Hurwitz

The rapid spread of the ombudsman idea in the post-World War II era owes itself to a certain extent to the efforts of Prof. Hurwitz, the first Danish ombudsman. Prof. Hurwitz, after his appointment in 1955, devoted much energy to promoting the plan. He wrote articles for European and international journals and travelled as far as Vienna to give speeches about it. He also willingly interrupted his busy schedule to give information to visitors or enquirers from other countries. The early discussion of the plan and its adoption in New Zealand owe much to his ability and willingness to write and speak in English. He prepared a long pamphlet in English on his office and wrote articles for British and American journals. He also spoke to academic audiences and appeared on television in Britain. Some indication of the strength of his impact is that, after his return, he began to receive letters of complaint against British administration.5 Lately, Judge Baxelius—a Swedish ombudsman and Guy Powels (now chief ombudsman of New Zealand)contributed in no less significant measure to the propagation of the idea through their writings and speech-making foreign tours.

Role of U.N. Conferences and International Commission of Jurists

The spread of the idea has also been stimulated by the activities of the United Nations and the International Commission of Jurists. Both have

<sup>&</sup>lt;sup>5</sup>D.C. Rowat, The Ombudsman Plan: Essays on the World-Wide Spread of An Idea, Toronto, McClelland and Stewart Ltd. 1973, p. 119.

taken a very active interest in the ombudsman institution and organised periodic conferences on human rights in various parts of the world where the idea has been a subject of discussion. These conferences have included key officials from most of the countries in the areas concerned. The International Commission of Jurists, in addition to the influential report prepared by its British section in 1961, recommending a parliamentary commissioner for Britain, has frequent articles on the subject in its bulletin. Among the efforts of UN in propagating the idea, the 1967 UN seminar in Jamaica for Central and South America, with Swedish ombudsman Bexelius as a guest expert, is noteworthy.<sup>6</sup>

# The Ombudsman Committee of the International Bar Association

The Ombudsman Committee of the International Bar Association, headed by Bernard Frank, which has adopted spreading of the ombudsman institution as its chief moto, has contributed and is in fact contributing significantly to the propagation of the ombudsman idea on a more or less continuous basis. Through the publication of its monthly newsletter and periodic surveys on ombudsman and similar complaints handling mechanisms, it keeps those interested in the subject abreast with the latest developments in respect of such institutions throughout the world.<sup>7</sup>

# Role of Intellectuals

It would be no exaggeration saying that in addition to the significant contributions made by those mentioned above, the intellectual movement generated by the writings, researches and testimonies of Prof. D.C. Rowat, Prof. Walter Gellhorn, Prof. Anderson, Prof. Davis, Prof. Peel, Prof. Brian Chapman, Prof. W.A. Robson, Prof. Weeks, Prof. Hill, etc., have all gone a long way in spreading the ombudsman idea throughout the world.

Before proceeding further, it needs to be pointed out as to why it is that the ombudsman institution is thought of as a desirable solution or remedy for the protection of citizens' rights against the ever expanding powers and discretion of the state and its functionaries. After all, what are the advantages inherent in the adoption of an ombudsman institution over other existing mechanism for exercising control over the state and its functionaries in the modern times?

# WHY OMBUDSMAN?

As pointed out above, there is a great concern today with the capacity

<sup>6</sup>D.C. Rowat, op. cit., pp. 119-120.

<sup>&</sup>lt;sup>7</sup>The Survey, op. cit., p. 48.

of government to deal with the grievances of those who have (or believe they have) suffered injustice from the officials who govern. The right to complain, the right to be heard, and the right to have corrective action taken, if one has suffered harm from government, are human rights. We know that human rights are not protected merely by words and phrases in constitutions, charts, laws and declarations. Human rights are primarily protected by effective machinery which implements the constitution, the charter, the law or the declaration. The ombudsman is one of the institutions essential to a society under the rule of law, a society in which fundamental rights and human dignity are respected. Bernard Frank identifies the reasons for the desirability of the ombudsman institution as follows:

- "1. The modern state has assumed an enormous multitude of functions as the result of social and welfare legislation—welfare, education, medical care, housing and social security—affecting the lives and property of everyone. Extensive powers and discretion have been granted to all types of boards, agencies, and departments, and in one-party states to party as well as government officials. The possibilities of friction between officials and the citizens have been greatly increased. Protection of the individual is required against executive and administrative mistake and abuse of power. This is true in the industrial countries as well as developing countries.
  - The traditional concern for the guaranty of the legal rights of the individual has become even greater in modern society. The activities of public administration have become so comprehensive and the power of bureaucracy so great that the legal status of the individual needs additional protection.
  - 3. The legislature traditionally concerned with the observance of laws and rulings by public officials has at the same time extensively delegated powers to the administrative authorities. The ombudsman can serve to aid the legislature in its function of supervising the executive and the administrators.
- 4. The existing mechanisms for adjudging grievances are inadequate:
  - (a) The legislator (if he investigates complaints) is taken away from his main function of studying and passing legislation. His role in adjudging complaints is frequently limited because of lack of sufficient funds and staff and inability to have direct access to files and information. He must of necessity rely in most cases upon a reply from the agency or department

<sup>&</sup>lt;sup>8</sup>Bernard Frank, op. cit., p. 48.

he is investigating. Party affiliation may affect his role in handling grievances.

In parliamentary countries, the parliamentary question is inadequate. The investigation is by the department against whom the complaint has been made and the reply by the minister is that of his department.

- (b) The courts everywhere play a major role in the correction of abuses by government. But litigation is expensive, tension creating, protracted and slow-moving and, in many cases, the citizen bears with injustice because he cannot afford or does not wish litigation. Courts may be precluded from hearing appeals either by law or by technicalities of form, time, standing, jurisdiction, nature and extent of interest, the character of administrative act, and wording of statutes. Review of administrative acts may be limited by such questions as to whether the agency acted within its powers, was the ruling supported by substantial evidence, or was the action reasonable and not arbitrary.
- (c) Administrative courts even when using procedures as informal as possible still follow court-like adversary procedure. Legal representation is the normal rule. Such courts usually move slowly and there is great delay in ensuring the execution of the judgement when delivered. Grievances must concern an administrative decision and must generally be brought before local courts or regional courts initially.
- (d) The executive may frequently handle grievances but is in essence investigating himself and is in great part relying on the reply from the agency or the official against whom the complaint was made. Party affiliations of persons making the complaints may also be important. Executive complaint agencies lack the essential characteristics of independence from the executive.
- (e) Administrative agencies may have within their structure channels for complaints but such system lacks impartiality. The appeal system, if one exists, is expensive and timeconsuming.
- 5. The ombudsman gives the citizen an expert and impartial agent without personal cost to the complainant, without time delay, without tension of adversary litigation, and without requirement of counsel or intervention of those highly placed.
- 6. The presence of the ombudsman has a psychological value. His office gives the citizen the confidence that there exists a watchdog for the people who will hold government accountable.

7. The ombudsman can be best engrafted upon the political and legal systems of a country".9

Bernard Frank, however, fails to identify the following important elements of desirability of the ombudsman institution:

- 1. "Even from the point of view of protection to services (i.e., administration) such an institution is necessary for protecting their image on the public in its true character and for ensuring that the average citizen is not fed on prejudices, assumptions and false notions of their quality and standard". Thus, functioning as a 'safety-valve' for the former rather than being its enemy.
- 2. "Since the greatest weapon of the ombudsman is criticism, he does not interfere with the day-to-day administration. Unlike appeal bodies, he does not substitute his judgement for that of the official, nor does he, like the courts, quash decisions. Even where he has the power to prosecute as in Sweden, he rarely resorts to its use." "IT
- 3. Further, the ombudsman "deals with many matters of maladministration that are not subject to court review or are not serious enough to warrant the high cost of the court review. For example, he may deal with complaints about getting no answer to an application (i.e., a situation of no action) leisureliness in replying to mail, tardiness or bias in making a decision; not giving sufficient information on a decision or a right of appeal."12
- 4. The very fact of existence of an ombudsman system has a tonic effect on public administration in making it more responsive, efficient and receptive to new ideas. The following remarks of Prof. Gellhorn, in the limited context of Denmark, seem to apply to all ombudsman systems in general. Prof. Gellhorn argues: "The ombudsman's work has indubitably had a tonic effect upon public administration. A number of administrators frankly acknowledge that laziness has diminished because during the past decade an outsider has been in a position to criticise. Work methods have in some instances been rationalised at the behest of superior officials impressed by the

<sup>&</sup>lt;sup>9</sup>Bernard Frank, pp. 55-57.

<sup>&</sup>lt;sup>10</sup>India, Interim Report of the Administrative Reforms Commission: Problems of Redress of Citizens Grievances, New Delhi, Government of India Press, 1966, p. 3.

<sup>&</sup>lt;sup>11</sup>Canada, The House of Commons, Standing Committee on Privileges and Elections: Minutes of the Proceedings and Evidence (No. 7 by Prof. D.C. Rowat, 1 October, 1964), p. 506. <sup>12</sup>Ibid., p. 500.

ombudsman's suggestions concerning other organisations. Moreover, staff that had, like ageing humans, become too "set in their ways have sometimes been liberated from their bondage by the ombudsman's fresh approach ... (increasing their) receptivity to proposed changes". Hence, the ombudsman has an important role to play, albeit "in the improvement of public administration. Although he is traditionally able to correct injustice by direct means only in a small number of cases, the indirect benefits he provides may be quite important." <sup>14</sup>

5. The ombudsman has a very important role to play in the process of citizen education about the ever changing intricacies and complexities of administrative structures and their precedures of work. In a fairly large number of cases the ombudsman's role involves no more than explain to the bewildered citizen the reasons for the decision he is complaining against. Emphasising this aspect of his role Prof. Hurwitz says: "Since in many instances, the administration gives no reason for its decisions, and since the complainant does not often have sufficient knowledge of the basis for the decision in question, he often does not understand it. In many instances, by giving a detailed explanation of the whole matter, it has been possible for the parliamentary commissioner to make the complainant understand that the treatment of the case and decision taken, gives no occasion for complaint." 15

Thus, in brief, in its ideal form exhibiting the characteristics of: (i) independence; (ii) impartiality; (iii) expertise in government; (iv) universal accessibility; (v) power to recommend and publicise; (vi) initiative; (vii) simplicity; (viii) information, the ombudsman system aims at promoting the twin objectives of protection and improvement of public administration, on the one hand, and protection and psychological security of citizens, on the other. It deserves to be emphasised further that, "there is nothing unique about any of these characteristics of the ombudsman, rather it is their combination which makes the ombudsman often something special." It would nevertheless appear to be necessary to emphasise that like most

<sup>&</sup>lt;sup>13</sup>W.A. Gellhorn, Ombudsman and Others, Cambridge, Harvard University Press, 1966, p. 36.

<sup>&</sup>lt;sup>14</sup>Timothy, L. Fitzharris, *The Desirability of A Correctional Ombudsman*, Berkley, Institute of Governmental Studies, 1973, pp. 10-11.

<sup>15</sup>Gellhorn, op. cit, p. 38.

<sup>&</sup>lt;sup>16</sup>William, B. Gwyan, "Transferring the Ombudsman" in S.V. Anderson (ed.) Ombudsman for American Government, Englewood Cliffs, Prentice Hall, 1968, pp. 41-42.

<sup>&</sup>lt;sup>17</sup>S.V. Anderson, *Ombudsman Papers: American Experience and Proposals*, Berkley, Institute of Governmental Studies, 1969, p. 52.

positive phenomena, the ombudsman institution has its negative or dysfunctional side too. Hence, the description of its conceptual aspects would remain incomplete unless we deal with this particular aspect of the ombudsman system too.

## DYSFUNCTIONAL ASPECTS OR ELEMENTS OF UNDESIRABILITY

Of all those responsible for generating an intellectual movement for the dessemination of knowledge about the ombudsman institution and keeping it alive Prof. Gellhorn perhaps happens to be the most notable person as he has tried very carefully to bring the dysfunctional aspects of the institution. It would not thus be any exaggeration to say that most other scholars have concentrated on eulogising or romanticising the institution rather than critically examining its undesirability aspects. The following description of its dysfunctional aspects is based largely on the points raised by Prof. Gellhorn in two of his notable works on the subject.

- 1. Existence of ombudsman institution inculcates a sense of timidity among public administrators thereby killing their initiative and decreasing their effectiveness in the enforcement of public policies and programmes. By criticising improper administrative behaviour and exposing misconduct, the ombudsman tends to produce 'hidden costs' for the administration: "Awareness that someone is constantly looking over their shoulders causes some public officials to become too timid instead of being too bold". 18
- 2. The ombudsman's activities more often than not tend to increase unnecessary red tape. "Heavy reliance on the administrative files (in the conduct of ombudsman's investigations) has a side effect worth noting. In several countries officials assert that that they have paid increasingly close attention to the desirability of preserving detailed records so that, were an external critic ever to ask questions about anything they have done, the files can provide complete answers. So far as this reinforces official care and accuracy it is an obviously desirable development. If, as has apparently occurred in a few instances, adoration of the written work occupies so large a portion of the working day that accomplishments worth writing about become fewer and fewer, record keeping is a menace". 19
- 3. At times a tendency on the part of the ombudsmen to over-step

<sup>&</sup>lt;sup>18</sup>W.A. Gellhorn, When Americans Complain, Cambridge, Harvard University Press, 1966, p. 52.

<sup>19</sup> Gellhorn, op. cit., p. 52.

their jurisdiction in their enthusiasm to do more than what they are meant or intended to do, and influence decisions of state functionaries, is found to be quite apparent. Obviously, such an effort on the part of the ombudsmen creates problems both for themselves as well as the administration. To quote Prof. Gellhorn: "Over-extension (of jurisdiction) may unfortunately be an inherent element in the ombudsman system. Those who want to vaunt the system greatly stress the importance of the ombudsman's personality and his directly participating in every phase of official superintendence. This emphasis upon prefessionalism may discourage the ombudsman's using other governmental resources, lest he seems to have adopted 'bureaucratic methods' and to be 'passing the buck'. ... ombudsmen everywhere tend to stretch themselves as close as possible to the unrealistic limits fixed by uninformed public desire. While unwillingness to stretch at all would be deplorable, willingness to stretch too far has its perils too".20

- 4. Ombudsman's effort to try most of the time to find fault with the administrators may result ultimately in the withdrawal of all support and appreciation of his work by administration so very essential for the success of the ombudsman at least during the initial years of the establishment of his office. "If the critic constantly depicts himself as a St. George slaying dargon after dragon, officials who do not relish being regarded as dragons may themselves become just a bit critical.<sup>21</sup>"
- 5. Since ombudsmen in their functioning rely mostly on their common sense, their perceptions of realities of administration and suggestions for administrative reforms or corrective action may at times be impracticable and hence unacceptable to administration. Though common sense is the only source of guidance in complex situations yet, "common sense does not solve every problem. Government becomes increasingly complex and specialised year after year responding as it must to the complications and specialisations of human affairs. The ombudsman, no matter how intelligent and diligent, cannot be expected to grasp all the implications of every branch of civil administration. While respecting him personally and giving him credit for a high measure of success, officials do at times remark that the ombudsman just did not understand our problems."<sup>22</sup>

<sup>20</sup> Gellhorn, op. cit., p. 42.

<sup>&</sup>lt;sup>21</sup>Ibid., pp. 437-438.

<sup>&</sup>lt;sup>22</sup>Gellhorn, When Americans Complain, op. cit., pp. 99-100.

6. Existence of the ombudsman institution may also make the citizenry excessively complacent in terms of their vigilance over the governmental operations. This is most likely to be so because "too many seem willing to suppose on much too little evidence that God's in his heaven, all's right with the world of public administration so long as somebody like an ombudsman is keeping an eye on operations."23

Lest the above description of relative advantages and disadvantages or functional and dysfunctional aspects of the ombudsman system appears somewhat misleading, it seems necessary to clarify here that our purpose of dealing with these aspects was not to present a case either for or against the system. It was simply meant to present a balanced view of the relative advantages and disadvantages in having an ombudsman-like grievance handling mechanism. Experience of a large number of countries shows that the advantages of the system far outweigh its disadvantages. Thus it is generally believed that if circumstances require, it is more advantageous to have such an institution than not having one at all. Hence, in the light of the preceding discussion, the main issue being examined below is whether the ombudsman's office in Nova Scotia has been more advantageous or disadvantageous.

# THE OFFICE OF THE OMBUDSMAN IN NOVA SCOTIA

Since 1960s there has been a steady stream of proposals in Canada for the creation of parliamentary grievance commissioners modelled on the scandinavian institution of ombudsman.<sup>24</sup> The proposals were debated in most of the provinces for a considerable period of time. Presently, however, barring the Prince Edward Island and the Province of British Columbia all other provinces have such institutions operating within their jurisdictions. Lately, steps have also been initiated by the Province of British Columbia to have such an institution established for the province. A bill (Bill No. 63) introduced in the provincial legislature on 20 June 1977 is actively under the consideration of the legislature. It was in fact the year 1967 that marked the beginning of the process of appointment of provincial ombudsman in Canada. Alberta Province being the first in alphabetical order also decided to be the first to have an office of ombudsman established for it. Although the Ombudsman Act was passed in Alberta somewhat earlier, the first ombudsman came to be sworn in his office on 1st September, 1967. New Brunswick became the second province to have an ombudsman office during the very same year as Alberta. In Quebec an Ombudsman Act was enacted in 1968

<sup>23</sup> Gellhorn, op. cit., p. 53.

<sup>&</sup>lt;sup>24</sup>S.V. Anderson, *The Canadian Ombudsman Proposals*, Berkley, Institute of Governmental Studies, 1966, p. ix.

but the first public protector assumed his office on the 1st of May, 1969. The Province of Manitoba provided for an Ombudsman Act in 1969 but the institution started functioning only from 1st April, 1970. The Province of Nova Scotia thus became the fifth Canadian province to appoint an ombudsman. Although, the Ombudsman Act in Nova Scotia was assented to on 18th December, 1970 the first incumbent to the office came to be appointed not before April, 1971.

However, before we enter into a discussion of the functional and dysfunctional aspects of the ombudsman institution in Nova Scotia it would seem appropriate to have a look at some of the significant provisions of the legislative enactment under which the ombudsman institution has been established in the province. Such a discussion appears to be appropriate further on account of the reason that many of the functional and dysfunctional aspects of the institution may emanate from the nature of the enactment itself.

The Appointment, Term of Office and Removal of Ombudsman

The Ombudsman Act of Nova Scotia Province provides for the appointment of an ombudsman by the Governor-in-Council for a term of five years. The ombudsman may at his will resign his office by writing to the Governor or be suspended or removed for any cause of incapacity before the expiry of his five year term. The Act empowers the ombudsman to appoint such assistants and employees as he deems necessary for the efficient discharge of his duties, subject, however, to the approval of the Governor-in-Council. The ombudsman has been further empowered to delegate any of his powers to an assistant with the exception of his power to make reports to the legislature under the Act. For the purposes of the Act the ombudsman has also been designated as a commissioner under the Public Inquiries Act.

# Jurisdiction of the Ombudsman

As far as the jurisdiction of the ombudsman is concerned the Act provides that where any person is aggrieved or, in the opinion of the ombudsman, may be aggrieved, the ombudsman, on the written complaint on or behalf of the person so aggrieved or on his own motion, may investigate the administration: (a) by a department or an officer thereof, of any law of the province; and (b) by a municipal unit or any officer thereof, of any law of the municipal unit or any law of the province that applies to the municipal unit. However, the Act also imposes certain limits on the authority of the ombudsman to investigate: (a) any decision, recommendation, act or omission in respect of which there is under any Act a right of appeal or objection or a right to apply for review on the merits of a case to any court or to any tribunal constituted by or under any Act whether such right has been exercised or not;

and (b) any decision, recommendation, Act or omission of any person acting as a solicitor or prosecuting officer for the Crown in relation to any proceedings. Besides, judges, magistrates and justices and functions of courts in the province and deliberations and proceedings of the executive council or any committee thereof, have also been completely excluded from the jurisdiction of the ombudsman. Besides the limitations on the exercise of his powers and jurisdiction stated just above, provisions of any other Act providing for the finality of decision, recommendation, act or omission or right of no appeal in respect of the same of a department or municipal unit or officer thereof, shall not be applicable to the investigations by the ombudsman. This leads us to the discussion of the procedure of investigation followed by the ombudsman.

# The Procedure of Investigation

Subject to the provisions of the Ombudsman Act any person who has a grievance against the administration may by writing a complaint to the ombudsman request him to investigate his grievance. On receiving a complaint the ombudsman follows the following procedure. He first examines whether or not he has a right to investigate the complaint in hand. After the initial scrutiny, if the ombudsman feels that the complainant has adequate remedy available elsewhere, which has not been utilised, if the grievance is trivial, if the grievance is more than a year old, or if the complainant does not have any personal interest in the subject matter of the complaint or if that it is not in the public interest to do so, he may in his discretion decide not to investigate the complaint. In case he decides not to investigate a complaint then it is obligatory on his part to inform the complainant of his decision and state the reasons therefor. Every investigation conducted by the ombudsman has to be in private. For purposes of his investigation, subject to the provisions of the Act stated above, he is authorised to hear or obtain information from any person and make necessary inquiries. However, where during an investigation the ombudsman is satisfied that there is prima facie evidence so as to cause a grievance, he shall so advise the minister and the chief officer of the department or the chief officer of the municipal unit, as the case may be, and the officer causing the grievance, and give each such person an opportunity to be heard. Where during or after the investigation the ombudsman is of the opinion that there is evidence of breach of duty or misconduct by a department, municipal unit or officer thereof, he shall refer the matter to the minister and chief officer of the department or the chief officer of the municipal unit. The ombudsman is also empowered to summon before him and examine on oath any officer of a department or municipal unit, any complainant, and with the approval of the attorney general, any other person who in the opinion of the ombudsman is able to give any information deemed necessary for the investigation, subject, of course, to certain exceptions to the provisions provided for in the Ombudsman Act itself.

Further, upon investigation of a grievance, if the ombudsman is of the opinion that a grievance exists or may exist because of unreasonable, unjust, oppressive or discriminatory manner of exercise of power or contrary to law or improper use of discretion, the ombudsman may decide that: (a) the grievance be referred to the department or municipal unit for further consideration; an omission rectified; a decision cancelled or rectified; a practice by reason of which the grievance arose or may arise be altered; or a law leading to a grievance be reconsidered; reasons for the use of discretionary power be stated, or advise any other course of action that he might deem fit or necessary. In such a situation, however, it is obligatory upon the ombudsman to report his opinion, his reasons therefor and any recommendation to the minister and the chief officer of the department or the chief officer of the municipal unit concerned. Where the ombudsman after his investigation decides to make a recommendation he may request the department or municipal unit concerned to notify him within a specified time of the steps the former proposes to take to give effect to his recommendations. Quite in accordance with the nature of duties bestowed upon the ombudsman, the Act confers certain special status upon the proceedings conducted by the ombudsman.

# Immunity of the Proceedings of the Ombudsman

No proceedings of the ombudsman can be declared void for want of form except on the ground of jurisdiction, no decision challenged, reviewed or quashed or called in question in any court of law. The ombudsman being the representative of the provincial legislature is required to report annually to the House on the exercise of his functions under the Act. The ombudsman may further, in the larger public interest or the interest of a person, department or municipal unit, publish reports relating generally to the exercise of his functions under the Act or to any particular case investigated by him. Hence, it deserves to be seen as to how the various provisions of Nova Scotia Ombudsman Act outlined above have been enforced during the years 1971 to 1975. This is what is being attempted below.

#### FUNCTIONING OF THE OMBUDSMAN

The test of success of an ombudsman organisation, however, lies neither so much in the kind of legislation it is established under nor on the amount of powers conferred on it by the Act as much upon the extent to which it is able to institutionalise itself and create a sense of ombudsman-mindedness in the society at large. Further, the success of an ombudsman system also depends in part upon the extent to which it is able to bring about better understanding between people on the one hand and the administration on the other by careful examination of the complaints in an unbiased manner. Thus an analysis of the successful functioning of an ombudsman organisation entails

a discussion of both the institutionalisation aspect as well as the nature and number of complaints handled by him and the manner in which they were disposed of.

The ombudsman organisation in the Province of Nova Scotia had a very unfortunate beginning. Ill-timing, over-anxiousness and enthusiasm at the start (shared by the complainant, the ombudsman and a minister of the Crown), added to the presence in Nova Scotia of deep-seated political awareness and prejudice, caused the work and value of the ombudsman organisation to be subjected to early criticism and public scrutiny. The dismissal of a politically abrasive truck-driver, who was judged by his department to be unsuitable, led to a situation in which not only the newly born ombudsman institution and its incumbent were thrown on the defensive but it seemed as if the whole organisation was thrown into jeopardy. The following remarks expressed by the ombudsman in his first report seem to be noteworthy:

"When members of the legislature, from all the three existing parties, comment publicly by press, radio, television, in a series of disconnected communiques on the merits or demerits of the Act governing the ombudsman, or the person who is in the middle endeavouring to administer the Act, there arise elements of doubt, confusion, suspicion, and misunderstanding that have caused the ombudsman to be thrown on the defensive and to fight a rearguard action, when atleast in the first year, he should be given the opportunity to build something which may benefit all levels and segments of our society, irrespective of their political adherence or persuasion. Politicians and newspapers have the right to disagree with the legislation behind the idea of an ombudsman. Whether or not anyone of them, however, is seeking to destroy the office or its incumbent for personal or political gain, is for the public to question and to judge. Come what may, regardless of the motivation behind the pronouncements of public officials in the past four months, the office of ombudsman has already been thrown in jeopardy. A few news seekers have caused the Swedish word 'ombudsman' to become sort of football game, in which the only possible losers, if the game is lost, will be the public itself."25

Thus to analyse what sort of repercussions this unfortunate happening had on the functioning of the ombudsman institution, it is necessary to examine the nature of inputs, *i.e.*, complaints lodged with the ombudsman, as well as the nature of outputs, *i.e.*, the manner in which these were handled by his office. The total number of complaints registered by the ombudsman's

<sup>&</sup>lt;sup>25</sup>Canada, Nova Scotia, First Report of the Ombudsman, Ombudsman's Office, 1971, pp. 2-3.

office during the period 1971 to 1976 were: 227- (during the first four months of its inception) 1971; 297-1972; 335-1973; 931-1974; 1076-1975 and 956-1976. Thus the number of cases registered during the various years under report do not show any trend. Whereas there has been a decline in terms of complaints registered during the years 1972 and 1976, compared with the number of complaints registered during the yearsimmediately preceding them, there has been a rise in the number of complaints registered during the remaining years. Registration of only 297 and 335 complaints during the years 1972 and 1973 respectively as against a total of 227 during the first four months of 1971, however, clearly shows that the unfortunate conflict between the ombudsman and the minister of the Crown right in the very initial months of the setting up of his office did have serious repercussions for it. The defeat of the ombudsman at the hands of the minister of the Crown did shake the people's confidence in his competence.

As far as the manner of disposal of these complaints is concerned Tables I (A) and I (B) depict the entire position. An analysis of the data contained in Table I (A) shows that during the period 1971-1975 furnishing of necessary information to the complainants constituted the most prominent mode of disposal of complaints. The actual range of such cases during the period under report varied between a minimum of 20.26 in 1971 to a maximum of 37.37 per cent cases in 1972. This fact, besides corroborating the experiences of ombudsman systems in Canada and elsewhere, also goes to strengthen his role as a clearing house of information for the people and as a safety valve for the administration. Further, lack of jurisdiction and thus outright rejection of complaints lodged with this office constitute the next prominent mode of disposal of complaints by him. The range of such cases varied between a minimum of little over 8 per cent to a maximum of 29.51 per cent cases. Cases found to be unjustified come third in terms of their percentage proportion. During the period under report the actual proportion of such cases varied between 8.05 to 24.91 per cent. However, the percentage of cases either rectified (varying between 5.72 per cent to 14.42 per cent) and those dismissed (varying between 3 per cent to 8.08 per cent) did not constitute the significant modes of disposal of complaints by the ombudsman. In overall terms, of the 2,866 complaints lodged by the citizens with his office during the years 1971 to 1975 whereas in 1,003 or 35 per cent of complaints information was given, in 541 or 18.87 per cent cases referrals were made to the departments concerned. In as many as 358 or 12.49 per cent cases the complaints were found to be unjustified by the ombudsman after due investigation. In another 258 or 9 per cent cases reported, the ombudsman had no jurisdiction whereas in 244 or 8.51 per cent cases the administrative action complained against was rectified at the behest of the ombudsman-a fact which to a certain extent enhances his role as the defender or protector of citizen's rights. However, a total number of 228 or 7.95 per cent complaints remained

under consideration during this period. The percentage of cases or complaints dismissed (3.76 per cent), withdrawn (3.73 per cent) and partially rectified (0.38 per cent) was not significant at all. Although, because of the different format for reporting adopted by the ombudsman in his sixth report, no comparison with the experiences of the previous years is being attempted here, yet in overall terms an analysis of facts contained in Table I(B) corroborates the experiences of the previous years under report. A majority of cases lumped under the caption 'assistance rendered' include nothing but the ones in which information was supplied to the complainant. Similarly, cases labelled 'no assistance possible' comprise complaints which were outside the jurisdiction of the ombudsman.

A further statistical analysis of complaints in terms of their scheduled or unscheduled nature (within jursidiction and outside of jurisdiction) and of the complaints by the type of agencies was also undertaken primarily with a view to finding out the distribution of complaints among agencies falling within each category. Of the total number of 3,822 complaints registered by the ombudsman's office during the years 1971-1976, federal agencies (431), courts of law (78) and private business (677) combined accounted for 1,186 complaints whereas the scheduled organisations—provincial government (1,987) and municipal or local agencies (649) combined—accounted for 2,636 complaints. Thus, whereas the unscheduled organisations accounted for 31.03 per cent of the total complaints, the scheduled organisations had 68.97 per cent which shows that there is a considerable amount of unawareness among the Nova Scotians about the powers and jurisdiction of their ombudsman. Nevertheless, it is significant that out of a total number of 2,636 complaints against scheduled organisations, agencies of provincial government account 1,987 or 75.38 per cent whereas agencies of local government account for 649 or 24.97 per cent complaints. Thus, if the Nova Scotia ombudsman's plan were to be any guide for other provinces, it would mean that they should soon amend their plans to provide for the ombudsman's jurisdiction over the agencies of local self-government. Local government institutions do give rise to a large number of grievances on the part of the citizens and thus exclusion of such institutions from the jurisdiction of the provincial ombudsman in Canada would mean dissatisfaction among the people, especially in view of the fact that such institutions are closer to the people than the agencies of provincial governments.

It was emphasised earlier in the paper that the emergence of the concept of welfare state and the consequent growth in the administrative powers and discretion of the state functionaries on the one hand and the growing complexities of the administrative machinery on the other accounted for the spread of the ombudsman idea around the world in the post-II War period. Hence, in order to find out whether such agencies responsible for administering

TABLE 1(A)

Statement Showing the Mode of Disposal of Cases by the Ombudsman during the Period 1971-1975

| 1. Rectified       13 (5.72)       42(14.42)       45(13.43)       78 (8.37)       66 (6.13)       244 (8.51)         2. Partially Rectified       3 (1.32)       —       1 (0.29)       1 (0.20)       6 (0.55)       11(0.38)         3. Not Justified       55(24.22)       74(24.91)       60(17.91)       75(8.05)       94 (8.37)       358(12.49)         4. Information Given       46(20.26)       110(37.37)       100(29.85)       346(37.16)       401(37.26)       1003(34.99)         5. Withdrawn       4 (1.76)       4 (1.34)       8 (2.38)       44 (4.40)       50(4.64)       107 (3.73)         6. Dismissed       —       24 (8.08)       23 (6.86)       28 (3.00)       33 (3.06)       108 (3.76)         7. Referred       3 (1.32)       12 (4.04)       50(14.95)       179(19.22)       297(27.6)       541(18.87)         8. No Jurisdiction       67(29.51)       —       5 (1.49)       90 (9.66)       96 (8.22)       258 (9.00)         9. Under Investigation       —       —       —       —       —       —       —       1 (0.10)         10. Recommendation       —       —       —       —       —       —       1 (0.10)         11. Miscellaneous*       —       — <th>Mode of Disposal</th> <th>1971</th> <th>1972</th> <th>1973</th> <th>1974</th> <th>1975</th> <th>Mode-wise total</th> | Mode of Disposal       | 1971      | 1972       | 1973                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1974       | 1975                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Mode-wise total |
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| sd 3 (1.32) — 1 (0.29) 1 (0.20) 6 (0.55)  55(24.22) 74(24.91) 60(17.91) 75(8.05) 94 (8.37) 3  ren 46(20.26) 110(37.37) 100(29.85) 346(37.16) 401(37.26) 10  4 (1.76) 4 (1.34) 8 (2.38) 41 (4.40) 50(4.64) 11  - 24 (8.08) 23 (6.86) 28 (3.00) 33 (3.06) 11  3 (1.32) 12 (4.04) 50(14.95) 179(19.22) 297(27.61 5  67(29.51) — 5 (1.49) 90 (9.66) 96 (8.22) 2  ation 36(15.85) 26 (8.75) 42(12.53) 91 (9.77) 33 (3.06) 2  1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 1. Rectified           | 13 (5.72) | 42(14.42)  | 45(13,43)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 78 (8.37)  | 66 (6.13)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 244 (8.51)      |
| Fen 46(20,22) 74(24,91) 60(17,91) 75(8,05) 94 (8,37) 3  Fen 46(20,26) 110(37,37) 100(29,85) 346(37.16) 401(37.26) 10  4 (1.76) 4 (1.34) 8 (2.38) 41 (4.40) 50(4.64) 11  - 24 (8.08) 23 (6.86) 28 (3.00) 33 (3.06) 11  3 (1.32) 12 (4.04) 50(14.95) 179(19.22) 297(27.61 5  67(29.51) - 5 (1.49) 90 (9.66) 96 (8.22) 2  attion 36(15.85) 26 (8.75) 42(12.53) 91 (9.77) 33 (3.06) 2  - 3 (1.68) 1(0.29) 1(0.10) -   1 (0.10) -   1 (2.77 297 335 931 1,076 2,88                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2. Partially Rectified | 3 (1.32)  | 1          | 1 (0.29)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 1 (0.20)   | 6 (0.55)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 11(0.38)        |
| ren       46(20,26)       110(37,37)       100(29.85)       346(37.16)       401(37.26)       10         4 (1.76)       4 (1.34)       8 (2.38)       41 (4.40)       50(4.64)       1         -       24 (8.08)       23 (6.86)       28 (3.00)       33 (3.06)       1         3 (1.32)       12 (4.04)       50(14.95)       179(19.22)       297(27.61       5         67(29.51)       -       5 (1.49)       90 (9.66)       96 (8.22)       2         ation       36(15.85)       26 (8.75)       42(12.53)       91 (9.77)       33 (3.06)       2         nn       -       -       -       1 (0.10)       -       *         5 (1.68)       1(0.29)       1(0.10)       -       *         1       227       297       335       931       1,076       2,8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 3. Not Justified       | 55(24,22) | 74(24.91)  | 60(17.91)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 75(8.05)   | 94 (8.37)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 358(12.49)      |
| 4 (1.76) 4 (1.34) 8 (2.38) 41 (4.40) 50(4.64) 11  24 (8.08) 23 (6.86) 28 (3.00) 33 (3.06) 11  3 (1.32) 12 (4.04) 50(14.95) 179(19.22) 297(27.61 5  67(29.51) — 5 (1.49) 90 (9.66) 96 (8.22) 2  ation 36(15.85) 26 (8.75) 42(12.53) 91 (9.77) 33 (3.06) 2  nn — — 1 (0.10) — *  5 (1.68) 1(0.29) 1(0.10) — *  1 (2.77 297 335 931 1.076 2.8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                        | 46(20.26) | 110(37,37) | 100(29.85)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 346(37,16) | 401(37.26)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1003(34.99)     |
| - 24 (8.08) 23 (6.86) 28 (3.00) 33 (3.06) 1<br>3 (1.32) 12 (4.04) 50(14.95) 179(19.22) 297(27.61 5<br>67(29.51) — 5 (1.49) 90 (9.66) 96 (8.22) 2<br>ation 36(15.85) 26 (8.75) 42(12.53) 91 (9.77) 33 (3.06) 2<br>1 (0.10) — 5 (1.68) 1(0.29) 1(0.10) — 3<br>1 227 297 335 931 1,076 2,8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 5. Withdrawn           | 4 (1.76)  | 4 (1.34)   | 8 (2.38)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 41 (4.40)  | 50(4.64)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 107 (3.73)      |
| 3 (1.32) 12 (4.04) 50(14.95) 179(19.22) 297(27.61 5 6 7 6 7 6 8 7 6 8 7 6 8 7 6 8 7 6 8 8 7 6 9 6 8 8 7 6 8 8 7 6 9 8 8 8 2 8 7 8 9 1 (9.77) 33 (3.06) 2 2 9 1 (0.10)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                        | ı         | 24 (8.08)  | 23 (6.86)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 28 (3.00)  | 33 (3.06)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 108 (3.76)      |
| ation 36(129.51) — 5 (1.49) 90 (9.66) 96 (8.22) 2  ation 36(15.85) 26 (8.75) 42(12.53) 91 (9.77) 33 (3.06) 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 7. Referred            | 3 (1.32)  | 12 (4.04)  | 50(14.95)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 179(19.22) | 297(27,61                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 541(18.87)      |
| ation 36(15.85) 26 (8.75) 42(12.53) 91 (9.77) 33 (3.06) 2  on — — — — — — — — — — — — — — — — — — —                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 8. No Jurisdiction     | 67(29.51) | Papers     | 5 (1.49)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | (99.6) 06  | 96 (8.22)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 258 (9.00)      |
| on — — — — 1 (0.10) — * — — — 1 (0.10) — * — — — — — 1 (0.29) — — — — — — — — — — — — — — — — — — —                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 9. Under Investigation | 36(15.85) | 26 (8.75)  | 42(12.53)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | (77.6) 16  | 33 (3.06)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 228(7.95)       |
| - 5 (1.68) 1(0.29) 1(0.10) - • • • • • • • • • • • • • • • • • •                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 10. Recommendation     | · ·       | Person     | ***                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1 (0.10)   | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1 (0.03)        |
| 1 227 297 335 931 1,076                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 11. Miscellaneous*     | I         | 5 (1.68)   | 1(0.29)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1(0.10)    | *                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 7 (0.24)        |
| 1 227 297 335 931 1,076                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                        |           |            | derivered American entrates in the fermion of the contract of |            | generation of the second special speci |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Year-wise Total        | 227       | 297        | 335                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 931        | 1,076                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2,866           |

Computed from the Annual Reports of the Ombudsman, (Office of the Ombudsman, Halifax, 1971-1975).

\* Miscellaneous indicates items such as unable to locate file, indeterminate nature of complaints, information received, etc. Figures in parenthesis denote the percentage to the total number of cases.

Table 1(B)

Mode of Disposal of Complaints by the Ombudsman During 1976

| Mode of Disposal                      | Number of Cases | Percentage |
|---------------------------------------|-----------------|------------|
| 1. Rectified                          | 50              | 5.23       |
| 2. Partially Rectified                | 3               | 0.31       |
| 3. Assistance Rendered                | 607             | 63.49      |
| 4. No Assistance Rendered or Possible | 272             | 28.45      |
| 5. Recommendation Made                | . 1             | 0.10       |
| 6. Under investigation                | 23              | 2.40       |
|                                       | N= 956          | 100.00     |

Computed from the Sixth Annual Report of the Ombudsman (Office of the Ombudsman, Halifax, 1976), p. 112.

welfare programmes really accounted for a large number of complaints. the agencies of provincial government complained against, during the years 1971-1976, were classified into three types—'client-serving' 'client-attending' and 'non-client-oriented' agencies and an even number of agencies were randomly chosen from each category; the basic assumptions behind such a classification were: client-serving agencies being involved in direct inter-actional situation with the citizens were likely to cause the largest number of complaints; client-attending agencies dealing with individual citizens only as customers or appellants, the second largest number of complaints, and the non-client oriented organisations which seldom come into direct contact with the citizens, the smallest number of complaints.<sup>26</sup> As was assumed, the largest number of complaints filed by citizens with the ombudsman during the period under report was against the client-serving agencies. Of the total number of 1,356 complaints lodged against all the three types of agencies, client-serving agencies alone accounted for 669 or 49.33 per cent—a fact which establishes the role of the Nova Scotia ombudsman as the 'guardian of citizens' rights' against the ever growing bureaucratic horizons. However, quite contrary to our belief, the second largest number of complaints were lodged by the people, not against the client-attending agencies but against the non-client-oriented organisations. Nevertheless, it would be necessary here to point out that our findings in this behalf were vitiated on account of there being the largest number of complaints against the department of highways a non-client-oriented organisation. This would become further clear as we proceed with the analysis of the facts regarding the major organisations complained against by citizens.

<sup>&</sup>lt;sup>28</sup>For a detailed analysis of the three types of organisations and rationale behind their classification see: Larry B. Hill, *The Model Ombudsman: Institutionalizing New Zealand's Democratic Experiment*, Princeton, Princeton University Press, 1976, pp. 89-90.

TABLE 2
Statement Showing the Number of Complaints Against Scheduled and Unscheduled Agencies
Received by the Ombudsman during 1971 to 1974

|             | Unscheduled Agencies              |                     |                          | Scheduled A         | Yearly |       |
|-------------|-----------------------------------|---------------------|--------------------------|---------------------|--------|-------|
| Year        | Federal Courts of<br>Agencies Law | Private<br>Business | Provincial<br>Government | Municipal <br>Local | Total  |       |
| 1971        | 27                                | 4                   | 15                       | 142                 | 39     | 227   |
| 1972        | 29                                | 9                   | 12                       | 200                 | 47     | 297   |
| 1973        | 28                                | 2                   | 57                       | 188                 | 60     | 335   |
| 1974        | 92                                | 21                  | 61                       | 576                 | 181    | 931   |
| 1975        | 143                               | 23                  | 285                      | 464                 | 161    | 1,076 |
| 1976        | 112                               | 19                  | 247                      | 417                 | 161    | 956   |
| Grand Total | 431                               | 78                  | 677                      | 1,987               | 649    | 3,822 |

Source: Compiled from the *Annual Reports of the Ombudsman* (Office of the Ombudsman, Halifax, 1971-1976).

TABLE 3

Scheduled Complaints to the Ombudsman by Type of Organisations for the period 1971-1976

| Client-Serving<br>Organisations                                                                            | Client-Attending<br>Organisations                                                                            | Non-Client-Oriented<br>Organisations                                                                         |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Development Department Dept. of Education Dept. of Health Dept. of Public Welfare Dept. of Social Services | Dept. of Agriculture & Marketing Dept. of Attorney General Dept. of Finance Dept. of Labour Dept. of Tourism | Dept. of Highways Dept. of Lands & Forest Dept. of Mines Dept. of Provincial Secretary Dept. of Public Works |
| Hospital Insurance Commission Housing Commission Workmen's Compensation Board                              | Civil Service Commission Power Corporation Taxation Commission                                               | Liquor Commission<br>Registration of Motor-<br>Vehicles<br>Water Resources<br>Commission                     |
| Total 669 (49.33)                                                                                          | 293 (21.60)<br>1.356.                                                                                        | 394 (29.05)                                                                                                  |

Computed from the Annual Reports of the Ombudsman (Halifax, 1971-76). \*Figures in parenthesis denote percentage to the total number of cases.

An examination of the major organisations complained against—the targets of citizens' complaints during the period 1971-1976—revealed that the maximum number of complaints were against the department of highways, their actual number, annual mean and range being 255; 42.50 and 32-64 respectively. This was followed by the workmen's compensation board against which 233 complaints were registered by the ombudsman's office—with an annual range of complaints varying between 19 to 57 and an annual mean of 34.33. The department of social service with a stock of 151 complaints, an annual average of 25.16, and a range of 0 to 60 complaints occupied the third place in terms of target of complaints by citizens. Table 4 gives the entire position regarding the number, annual mean and range of complaints against eighteen major agencies of the provincial government.

Table 4

Complaints to Ombudsman by Major Governmental Organisations—1971-1974

| Major Organisations<br>Complained Against | Mean of Annual<br>Complaints | Annual Range<br>of Complaints | Total Complaints<br>Against the<br>Organisation |
|-------------------------------------------|------------------------------|-------------------------------|-------------------------------------------------|
| Dept. of Highways                         | 42,50                        | 32—64                         | 255                                             |
| Workmen's Compensation Board              | 34.33                        | 19—57                         | 203                                             |
| Department of Social Service              | 25.16                        | 060                           | 151                                             |
| Tax Commission                            | 19.50                        | 8-47                          | 117                                             |
| Dept. of Education                        | 15.33                        | 13—19                         | 92                                              |
| Dept. of Public Health                    | 12.50                        | 4-24                          | 75                                              |
| Housing Commission                        | 9.33                         | 0—19                          | 56                                              |
| Registration of Motor Vehicles            | 8.50                         | 5—14                          | 51                                              |
| Hospital Insurance Commission             | 8.33                         | 2-16                          | 50                                              |
| Dept. of Finance                          | 8.00                         | 2—15                          | 48                                              |
| Dept. of Labour                           | 6.66                         | 1-12                          | 40                                              |
| Dept. of Attorney General                 | 5.83                         | 2-14                          | 35                                              |
| Dept. of Lands and Forests                | 5.83                         | 0-12                          | 35                                              |
| Dept. of Public Welfare                   | 5.66                         | 0-19                          | 34                                              |
| Dept. of Agriculture & Marketing          | 4.00                         | 1-06                          | 24                                              |
| Dept. of Provincial Secretary             | 3.50                         | 007                           | 21                                              |
| Civil Service Commission                  | 3.16                         | 107                           | 19                                              |
| Liquor Commission                         | 2.33                         | 0-10                          | 14                                              |
|                                           |                              |                               |                                                 |

Computed from the Annual Reports of the Ombudsman (Office of the Ombudsman, Halifax, 1971-1976).

Lastly, an effort was also made to find out the countywise geographical distribution of the ombudsman's clients, i.e., his complainants. This was done primarily with a view to: first analysing the overall awareness of the Nova

TABLE 5

Statement Showing Countywise Distribution of Complaints to Ombudsman during 1971-1976

| Commen          |      | Years   |      |      |       | Total No./ |                                     |
|-----------------|------|---------|------|------|-------|------------|-------------------------------------|
| County          | 1971 | 1972    | 1973 | 1974 | 1975  | 1976       | per cent complaints from the county |
| Annapolis       | 16   | 11      | 13   | 19   | 16    | 12         | 87 (2,27)                           |
| Antigonish      | 5    | 8       | 5    | 10   | 10    | 7          | 45 (1.17)                           |
| Cape Breton     | 41   | 52      | 44   | 68   | 95    | 97         | 397(10.37)                          |
| Colchester      | 8    | 18      | 11   | 34   | 37    | 24         | 204 (5.33)                          |
| Cumberland      | 14   | 16      | 12   | 25   | 34    | 15         | 116 (3.03)                          |
| Digby           | 8    | 7       | 6    | 16   | 14    | 18         | 69 (1.80)                           |
| Guysborough     | 6    | 10      | 4    | 7    | 25    | 13         | 65 (1.69)                           |
| Halifax         | 56   | 80      | 148  | 478  | 637   | 599        | 1,998(52.22)                        |
| Hants           | 7    | 3       | 10   | 23   | 21    | 25         | 89 (2.32)                           |
| Invertness      | 6    | 11      | 3    | 4    | 8     | 8          | 40 (1.04)                           |
| Kings           | 12   | 16      | 10   | 35   | 29    | 15         | 117 (3.05)                          |
| Lunenberg       | 9    | 12      | 17   | 62   | 50    | 33         | 183 (4.78)                          |
| Pictou          | 9    | 13      | 13   | 51   | 24    | 27         | 137 (3.58)                          |
| Queens          | 3    | 3       | 4    | 9    | 7     | 12         | 38 (0.99)                           |
| Richmond        | 1    | 7       | 4    | 1    | - 9   | 2          | 24 (0.62)                           |
| Shelburn        | 9    | 8       | 11   | 30   | 18    | 13         | 89 (2.32)                           |
| Victoria        | 2    | 5       | 5    | 21   | 1     | 1          | 35 (0.91)                           |
| Yarmouth        | 6    | 2       | 7    | 32   | 16    | 9          | 72 (1.88)                           |
| Out of Province | 9    | 15      | 8    | 21   | 25    | 26         | 95 (2.48)                           |
| Yearly Total    | 227  | 297     | 335  | 931  | 1,076 | 956        | ,                                   |
|                 | N:   | =3, 822 |      |      |       |            |                                     |

Computed from the Sixth Report of the Ombudsman (Office of the Ombudsman, Halifax, 1976) p. 110.

Scotians about the office of their ombudsman; and secondly, to find out whether the institution has been serving the people of Nova Scotia at large or any specific area or segment thereof. To our great dismay, we found that during the period under report, the ombudsman institution, far from serving the needs of Nova Scotia residents at large, has largely been reduced to an institution serving the residents of Halifax and Cape Breton counties. These two counties have accounted for 52.22 per cent and 10.37 per cent of the total number of complaints respectively during the entire period under report. Although a certain amount of relatively large complaints from Halifax county could be justified on political grounds (i.e., its being the capital of

Nova Scotia) and that of Cape Breton on demographic grounds (its being one of the most heavily populated counties yet) such a wide gap between these two counties, on the one hand, and the rest, on the other, cannot be explained in terms of anything except the unawareness about the significance of the ombudsman institution among the people residing in the rest of the counties.

Before, however, we pass on to the conclusion and suggestions part of our paper it would seem quite appropriate here to examine the question as to whether or not the office of the ombudsman in Nova Scotia has got institutionalised. This is what is being attempted below in the light of Samuel P. Huntington's conception of institutionalisation which seems to have lately exercised a very strong influence on the manner in which some of the notable scholars on the subject have tried to perceive the ombudsman phenomenon.<sup>27</sup> According to Huntington an organisation's level of institutionalisation can be measured in terms of two internal structural criteria—complexity and coherence—and two external or environmental criteria—autonomy and adaptability—which are essentially defensive in nature. Though Huntington designed these criteria to facilitate "meaningful comparisons of the levels of political institutionalization of different countries or of the same country at different times."28 their generality seems to lend itself to the use for analysis of the level of institutionalisation of small organisations like the ombudsman institution. At least two scholars, Hilland Karl Friedmann, have very successfully tried to study the institutionalisation of ombudsman organisations one in the context of New Zealand and the other in the Canadian context.

The term 'complexity' employed in the Huntingtonian sense implies not only such organisational or structural matters as the numbers and types of sub-units, but also the concept of multi-functionality. In his own words: "The more complicated an organization is, the more highly institutionalised it is".<sup>29</sup> Further, complexity is supposed to allow an organisation to "secure and maintain the loyalties of its members."<sup>30</sup> At least for the period under report *i.e.*, 1971-1976, the office of ombudsman in Nova Scotia receives very low scores on the criterion of complexity. The office during this entire period has been a minimal organisation that hardly had even a single administrative sub-unit. Even in terms of functions there has been little specialisation. Further, the total strength of the office for most of the period under report has been limited to the ombudsman and a legal assistant. A secretary and a clerk-cum-typist and investigator have been added only very lately.

 <sup>27</sup>Two such notable scholars are Prof. Larry B. Hill and Prof. Karl A. Friedmann.
 28S.P. Huntington, 'Political Development and Political Decay', World Politics, 17,
 April 1965, p. 404.

<sup>&</sup>lt;sup>29</sup>*Ibid.*, p. 399.

<sup>30</sup> Ibid., p. 403.

As far as 'coherence', the the second organisational criterion of institutionalisation is concerned, consensus, efficiency, morale, unity and discipline could be considered as essential attributes of an institutionalised organisation. Functioning thus far on a hierarchical basis the office has been small enough to facilitate personal scrutiny by the ombudsman of most of the actions of the entire staff and screening most of the in-coming and out-going communications. Employees have been carefully chosen by the ombudsman from amongst those persons who have substantial experience, proven integrity and temperamental orientation quite in tune with the needs of the office. As they have been working in a small office for lengthy hours to cope up with the proportionately large volume of work they have largely got socialised into the organisational goals. The underlying value consensus has contributed towards discipline and efficiency among them and the growing acceptance of the office has had a reciprocal impact upon their morale and unity. In short, even a cursory reading of the ombudsman's reports for all these years shows that his office has been a highly coherent organisation.31

Autonomy is one of the defensive measures of institutionalisation suggested by Huntington,32 Autonomous organisations can be clearly and unambiguously differentiated from the non-autonomous organisations and other kinds of social groups. Organisations susceptible to serious influences from various political and social forces operating in their environment cannot be regarded as institutionalised. If those representing politics, bureaucracy or any other class or communal interests penetrate into an organisation and dictate its activities then the organisation will tend to reflect the interests and values of the groups having influence on it rather than any value or interests of its own. Such an organisation would be a non-autonomous organisation. Organisational and functional autonomy both, as pointed out above, are essential ingredients of the ombudsman idea—its salient features that can be employed to differentiate the ombudsman institution from similar grievance handling mechanisms. The ombudsman, though technically regarded as a representative of the legislature, is supposed to be an independent 'watchdog', not amenable to any sort of influence by any person or political ideology. A reading of the following remarks by the Nova Scotia ombudsman in his fourth annual report indeed establishes the fact that in its relationship with the bureaucracy his office has been much less autonomous than what it really ought to be. Bureaucracy has exercised considerable authority and influence over his office even in such insignificant matters as the appointment of a typist or an investigator. The ombudsman in his fourth report remarks:

"A modest budget for the ombudsman was agreed in 1971, and it was

<sup>&</sup>lt;sup>31</sup>For a corroboration of the coherence aspect confer 'Ombudsman's Remarks' in his 3, 4, 5 reports.

<sup>32</sup>Huntington, *op. cit.*, pp. 401-403.

understood that the incumbent, who was not an empire builder would ask for staff only as the need should arise.... We realized that we would have trouble with the Treasury Board, however, when we requested the addition of a clerk-typist in 1972. Three young administrative trainees came to the office to study our needs in somewhat the manner of what used to be described as "efficiency experts". The result of their quick survey was reflected in Treasury turning down the Ombudsman's request for a clerk-typist, and suggesting telephone answering service during the lunch hour! I was surprised and taken aback, but was told by people of much experience in government matters that this sort of thing was normal, and that the Treasury Board is tough ... The Ombudsman submitted a request to Treasury Board in early 1973 for an investigator. Months passed into 1974 .... Having heard no word from the Treasury Board on whether or not my request for an investigator was approved, and being besieged by correspondence. I amended my earlier submission, and asked for two investigators and a clerk-typist. A accompanying letter supplied the startling statistics that complaints over the past several months were reaching the Ombudsman's Office at three times the previous rate.... The reply from the Treasury Board was that my request for additional staff was turned down."33

Such a state of affairs clearly shows the extent of encroachment upon ombudsman's autonomy by the bureaucracy and the imposition of its own cherished norm of economy, etc.

'Adaptability' is the second defensive criterion of institutionalisation suggested by Huntington who believes that adaptability of an organisation equals environmental challenges plus age. Of these, age can be measured in terms of passage of time, by generational changes and by functional changes. Time is recognised as an essential element of institutionalisation in almost all definitions of the concept including the one given by Huntington. Huntington believes that: "The older an organisation is, the more likely it is to continue to exist through any specified future time period". Karl Friedmann, a noted scholar on Canadian ombudsman plans, in one of his recent papers, has attempted a comparison of the institutionalisation of ombudsman offices in the Newfoundland and Nova Scotia Provinces. Reporting the findings of his study on the aspect of institutionalisation of ombudsman office in Nova Scotia Prof. Friedmann says: "No one can expect an ombudsman organisation to achieve the status of institutionalisation (as in Huntington's concept) within... six years. However, we are dealing with an on-going process: an organisation en route to becoming an institution; i.e., becoming

<sup>33</sup> Fourth Report, op. cit., pp. 8-9.

more accepted and more influential in its political environment".34 The most important environmental actors with a capacity of impinging on the new or emerging ombudsman institution are, of course, the politicians (who created the organisation) and the bureaucracy, the principal target of the ombudsman's activities. Thus the attitudes and behaviour of these two groups towards the ombudsman give us the first indication of how the process of institutionalisation of the ombudsman is proceeding.35 As far as the attitudes of bureaucratic elite towards ombudsman in Nova Scotia are concerned. Prof. Friedmann's study revealed that there was a highly or rather overwhelmingly favourable bureaucratic response to the question of approval of the ombudsman idea in general and the perceived need for an ombudsman in particular.36 However, about the attitudes of the politicians towards the ombudsman institution, Prof. Friedmann came out with the following views based primarily on his research findings: "In Nova Scotia doubts about the need for or legitimacy of the ombudsman existed among MLAs even while they consented to establishing an ombudsman, and these doubts persisted apparently among a significant minority of MLAs who looked upon the ombudsman partly as a competitor for the loyalty of their constituents. The confrontation with the government at the beginning of the ombudsman's operation—in which the ombudsman emerged as the loser—convinced a few additional MLAs who had previously supported the ombudsman idea that there were weaknesses in the institution. They tended to reject the office because of its lack of authority. Without such authority, in their view, the office would be effective only when it acted or was used as a government apologist, hardly a cause to which they would lend support from the opposition benches. What makes me skeptical about the prospects for resolving this dilemma in the short run is the persistence of critical or apprehensive attitudes among those MLAs for as long as six years (now seven). Over the long term, changes in personnel may overcome the problem, but that will retard the process of institutionalising the ombudsman in Nova Scotia."37 As far as the change aspect of adaptability is concerned no changes were introduced in the powers and functions of the ombudsman during the entire period under report. Thus, how the ombudsman's office will react to such changes, if they were introduced, is difficult to predict at this stage.

## CONCLUSION AND SUGGESTIONS

As pointed out above, though a seven-year period is too short in the life of an administrative institution to permit one cast any definitive judgement

<sup>&</sup>lt;sup>34</sup>K.A. Friedmann, 'Institutionalizing Bureaucratic Critics in Atlantic Canada: The Ombudsman in Nova Scotia and Newfoundland', (mimeo.) A Paper presented at the Annual Meeting of the Political Studies Association, Halifax, Nova Scotia, October 21, 1977, p. 29.

<sup>&</sup>lt;sup>35</sup>*Ibid.*, p. 2. <sup>36</sup>*Ibid.*, p. 16.

<sup>37</sup> Ibid., pp. 30-31.

on its success or failure, yet a few points in the form of a brief assessment, and suggestions about the ombudsman's office, are in order. First, as referred to above, the ombudsman's office had a very unhappy and unfortunate opening. Although the situation did change to a certain extent during the subsequent years and the office did succeed in attracting a comparatively larger number of complaints from the general public as well as the politicians, it could not arouse as much confidence of the Nova Scotians as it should have. The reasons for this are partly attributable to the unfortunate beginning and partly to the low amount of publicity that it received. Lately, of course, the ombudsman and his legal assistant did try quite a good deal to publicise the institution by accepting offers to appear on television and also invitations for delivering lectures, but the institution perhaps did not receive as much publicity as it really deserved.

Nevertheless two significant features of the office of ombudsman in Nova Scotia are noteworthy. First, it was the first ombudsman plan in Canada to have provided for jurisdiction of provincial ombudsman over the local government institutions and probably continues to be the lone example todate. Even the New Zealand ombudsman scheme on which the Nova Scotia plan was largely patterned did not at that time provide for the jurisdiction of its ombudsman over local government institutions. And since the local government institutions came to be assigned to the ombudsmen institution under the amended 1975 New Zealand plan, it is just possible that the Nova Scotia plan might have in turn influenced its own model. Second, whatever success the office of ombudsman has had in Nova Scotia so far, the fact of its being headed by an academic, without any training or experience of legal profession, has gone a long way in exploding the myth that a basic training or long experience in law or law enforcing profession is a necessary qualification for the incumbent to the office of the ombudsman. It has established the fact that given proper legal assistance, persons belonging to professions other the law or law enforcement can also function efficiently as ombudsman.

Two important suggestions also emanate from the preceding discussion of the various aspects of the functioning of the ombudsman institution in Nova Scotia. First, through an amendment to the Ombudsman Act, the ombudsman must be liberated from the traditional bureaucratic control in matters such as appointment, sanction etc., of its staff. In order to protect his independence, impartiality as well as the high prestige of his office, as an overseer of administrative conduct, the sooner he is relieved of the strong clutches of the Treasury Board the better. Second, the truck-driver's case, especially the conduct of the truck-driver vis-a-vis the ombudsman himself, dictates the urgent necessity of introducing a provision regarding the

'contempt of ombudsman' on the lines of contempt of court in the Ombudsman Act. Such provisions have been envisaged under the ombudsman enactments elsewhere and considered highly desirable to protect the dignity of the office from unscrupulous complainants.<sup>38</sup>

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# REVIEW OF ADMINISTRATION

Modern administration is complicated and forceful. Controls over official action have had to match its complexities. Internal review of decisions—that is, review by higher-ranking administrators—aims at assuring consistency and at coordinating the work of lesser functionaries who deal only with segments of a total problem. Bringing an uncommitted intelligence to bear on what administrators have done-that is, judicial review whether in administrative courts as in France or in general courts as in America aims at assuring adherence to proper standards of administrative judgement and conduct. Fiscal superintendence—that is, auditing by an authority independent of the rest of the official establishment aims at preventing dissipation of public funds and at misuse of the power that springs from access to a large treasury. When functioning at maximum efficiency, these controls singly or collectively constitute strong bulwarks against improprieties. But, like most human institutions, they do not invariably work as well as they should; and sometimes making them work at all requires exertions disproportionate to a citizen's concern for good government. They do not fill every need.

> --Introduction, Ombudsmen and Others, Walter Gellhorn, 1966.

<sup>&</sup>lt;sup>38</sup>Such provisions have been made in almost all the draft bills for the federal ombudsman in India.

# Lokpal, Bureaucracy and the Common Man

## S.L. Verma

DEMOCRATIC government should have an administrative system responsive to the nature and needs of its people. Unfortunately, a large number of developing countries claim themselves to be popular democracies but hardly care for their people. In many cases, they have stopped with the borrowed institutions of the West, and have remained unable to go beyond them. Their political systems are fast losing legitimacy, and sporadically becoming fertile grounds of authoritarian rule. A sense of alienation, disenchantment and frustration has enveloped the majority of people everywhere. Whatever be the form, the man-on-the-road simply has no faith in his government. Treating at par with the politicians and other rich people, he brands public officials as yet another set of exploiters and manipulators. All of them appear to have colluded to use the state mechanism to serve their own narrow ends. To him, there is none to look after his woes and worries, difficulties and problems which appear to be very small to the highups of modern society but are questions of life and death for him. This small man makes the bulk of the society but has been rendered helpless and is incapable of asserting himself. He has become 'too used to being pushed around'.2

### WEAKENING OF TRADITIONAL STRUCTURES

The present plight of the common man is largely due to the increasing weaknesses and limitations of the traditional structures of government like parliament, cabinet, courts and other administrative tribunals. They are not in a position to do much for the 'little man'. To redress his grievances or provide remedies to him, most of them rely and depend upon the bureaucracy which itself is the 'enemy' complained against. On account of this paradoxical situation, they have remained unable to control the bureaucracy and make it a fit instrument of democracy and socio-economic change. In developing countries like India and elsewhere, the problem is more acute.\(^3\) Owing to

<sup>&</sup>lt;sup>1</sup>Recent political changes in Bangladesh, Pakistan, Afghanistan, etc., can be cited as examples in this connection. Several scores of countries remain under authoritarian rule.

<sup>2</sup>John B. Monteiro, *Corruption*, Bombay, Manaktalas, 1966, p. 295.

<sup>&</sup>lt;sup>3</sup>Stephen Nancoo, "Administrative Theory and Bureaucratic Control: A Study of the Ombudsman Idea in Trinidad and Tobago", *Indian Journal of Public Administration*, quoted hereinafter as *IJPA*, Vol. XXIII, 2 April-June, 1977, pp. 244-48.

their excessive faith and credulity in the efficacy of the western institutions, the political leaders do not fully understand the real causes of their failures in the field. The Chief Justice of India has recently highlighted the inadequacy of the prevailing legal system. The courts pull on with their limited perspective. As the judicial proceedings are dilatory, formal and expensive, people try to avoid them. In view of tight party discipline parliaments are not very much effective in policing the administration. They suffer from paucity of time, unwieldy size of the problem, pressure of work, lack of expertise and so on. Parliaments, in the final analysis, care more for the groups, parties and organisations and less for the lonely individual. The man with meagre means remains unheard, unattended and unlooked after.

Most of the public grievances also crop up due to the inherent nature of the bureaucracy. There is a built-in relationship between the increasing number of public grievances and the nature of the ever-growing bureaucracy. Causes of maladministration closely centre round the principles of unity of command, division of labour, hierarchy, a formally established system of rules and procedures, written records, rationalisation process and specialisation. They generate the process of depersonalisation which ultimately leads to dehumanisation. The career officials happily inculcate such an organisational culture and are paid, promoted and praised for it. Apart from the formal or Weberian aspect, the bureaucracy has another face as well. It seeks extrabureaucratic values like individual needs for security, status, power, etc. All these go a long way to 'bend' rules, programmes and goals of organisations. The goals of organisations are displaced by their means and procedures. Both formally and informally, bureaucracy shows an attitude of apathy, callousness and arrogance towards its clientele.

## COUNTER STRUCTURE OF BUREAUCRACY: OMBUDSMAN

The outcome of these forces has appeared in the form of a strong counter-structure to bureaucracy. Sweden was perhaps the first country to have invented and evolved such a structure, popularly known as 'ombudsman' or citizen's defender. At different places, the ombudsman has been called the parliamentary commissioner, the people's procurator, the grievance man, the people's tribunal, the principal protector of the people, the comptroller

Amitai Etzioni, Modern Organizations (Indian edition), New Delhi, Prentice-Hall of

India, 1965, pp. 5-18.

Times of India, May 29, 1978.

<sup>&</sup>lt;sup>5</sup>M.P. Jain, "Ombudsman—A Technique of Parliamentary Control", in L.M. Singhvi, (ed.), *Parliament and Administration in India*, Delhi, Metropolitan Book Co., 1972, pp. 115-16; The Law Minister, Shanti Bhushan, on the occasion of the golden jubilee celebration of J&K High Court, presented the figures of the backlog of 564,000 cases in high courts. According to him, at least 11,000 of these cases had been pending for more than 10 years. In the Supreme Court, 14,707 cases were awaiting disposal upto April 30, 1977.

and auditor general of administration, and so on. After Sweden in 1809, Finland followed it in 1919. Denmark and Norway adopted it in 1955 and 1962 respectively. The idea spread to New Zealand in 1962 and to Britain in 1967. Over twenty-five countries, both developed and developing, have set up ombudsman-like institutions. Everywhere, the ombudsman has been regarded as 'a bulwark of democratic government against tyranny of official-dom'. 8

### GENESIS OF INDIAN OMBUDSMAN

In this direction, India has lagged far behind. As a young democracy with a powerful bureaucracy, India needed such an institution the most. But owing to apathy, ignorance and misunderstanding of top leadership, no attention could be paid to the problem. Papid expansion of socio-economic activities of the government and investing of wide discretionary powers with a well-organised bureaucracy should have compelled the political leaders to establish it earlier. But the overcredulous leaders regarded the western institutions adequate enough to meet the difficulties of the masses and could not think of anything beyond them. For a long time, protests from eminent persons like C.D. Deshmukh, N. Sanjeeva Reddy, M.C. Setalvad, P.B. Gajendragadkar, Prabhu V. Mehta, etc., were overlooked. The Rajasthan Administrative Reforms Committee had also recommended a commissioner for legislature in February, 1964. In 1964, Lal Bahadur Shastri, the then Home Minister, set up a committee under the chairmanship of K. Santhanam to study the causes and prevention of corruption. The Report on Prevention of Corruption led to the establishment of the Central Vigilance Commission. But it could not do much to root out corruption.10

Ultimately, the Administrative Reforms Commission set up in 1966, took up the matter very seriously. In its words, 'the problem brooked no delay'. Though the item figured at the bottom of its terms of reference, the Commission chose to take it up first. Its report was submitted in August, 1966. The Commission found all the existing institutions inadequate and found ombudsman a "sine qua non of democratic functioning and as an essential pre-requisite of the progress and prosperity on which the fulfilment

<sup>&</sup>lt;sup>7</sup>R.B. Jain, "The 'Ombudsman: A Super Administrator or a Grievance-Man", *IJPA*, Vol. XXI, 3-ii, July-September, 1975, pp. 511-19.

<sup>&</sup>lt;sup>8</sup>Donald C. Rowat, *The Ombudsman: Citizen's Defender*, London, Allen & Unwin, 1968; and (ed.) *The Ombudsman Plan: Essays on the Worldwide Spread of an Idea*, Ottawa, McClelland & Stewart Ltd., 1973, pp. 10-12.

<sup>&</sup>lt;sup>9</sup>John B. Monteiro, op. cit., pp. 241-45.

<sup>&</sup>lt;sup>10</sup>Kailash Prakash, "The Vigilance Set-Up of the Government of India—Some Proposals for Reform", IJPA, Vol. XVIII, No. 4, October-December, 1972, pp. 533-50.

<sup>&</sup>lt;sup>11</sup>Government of India, Administrative Reforms Commission, Interim Report on the Problem of Redress of Citizen's Grievances, New Delhi, October, 1966.

of our democracy depends". It recommended a two-tier machinery of Lokpal and Lokayukta for redressal of citizens' grievances. The Lokpal was to deal with complaints against ministers and secretaries to government in the Centre as well as the States. The Lokayukta, one for the Centre and one in each State, was to attend to complaints against the rest of the bureaucracy. In pursuance of its acceptance of the report, the Central Government introduced in May, 1968, a Bill entitled 'The Lokpal and Lokayukta Bill, 1968' in the Lok Sabha which passed it in August, 1969.12 But the Bill could not get through the Rajya Sabha in the fourth Parliament which was dissolved in December, 1970. In 1971, the Bill, as passed by the previous Lok Sabha, was reintroduced in the Lok Sabha as the 'Lokpal and Lokayukta Bill, 1971'. This Bill also lapsed on the dissolution of the fifth Lok Sabha. The Janata Government introduced a 'Lokpal Bill' in 1977 and on the recommendation of the Lok Sabha and with the concurrence of the Rajya Sabha, it was referred to a Joint Select Committee. The Committee has since made its suggestions (July 1978) and the Bill is again before Parliament.

At this juncture, perhaps it is necessary to re-examine the proposed Bill to see if it would be able to meet the aspirations of the common man. The institution of Lokayukta has been set up in five Indian States, but has met with little success. <sup>13</sup> The proposed Lokpal if left weak may also meet the same fate. Several scholars have analysed it from several view points: constitutional, legal and administrative. <sup>14</sup> But few have tried to see it from the view of the common man, often living below the borderline of poverty. The Bill has to be analysed from the common man's view so that a Lokpal of their choice may be visualised. <sup>15</sup> It may ultimately help the law makers and other political leaders in finding out a proper Lokpal or an ombudsman of lay citizens.

### PROPOSED LOKPAL: STATUS, POWERS AND FUNCTIONS

The Lokpal would have the status, position and emoluments as those of the Chief Justice of India or of a State High Court. His office is likely to

<sup>&</sup>lt;sup>12</sup>India, Lok Sabha, *The Lokpal and Lokayukta Bill* 1968, IV Lok Sabha, introduced on May 9, 1968.

<sup>&</sup>lt;sup>13</sup>Times of India, Editorial, May 21, 1978; and, June 15, 1978.

<sup>&</sup>lt;sup>14</sup>L.J. Bloom-Cooper, in Monteiro, op. cit. pp. 274-75; P.B. Mukherji, "Grievance-Man in the Indian Administrative System—Ombudsman, Lokayukta and Lokpal", IJPA, Vol. XVII, No. 3 (July-September, 1971), pp. 408-24; M.P. Jain, Lokpal Ombudsman in India, New Delhi, Academic Books Ltd., 1970, R.L. Narsimhan, "The Indian Ombudsman Proposal: A Critique," Law and the Commonwealth, Occasional Papers, Fourth Commonwealth Law Conference, Delhi, 1971, pp. 33-35; S. Banerji, "Some Reflections on Administrative Reforms", Management in Government, New Delhi, Vol. 1, April-June, 1969.

<sup>&</sup>lt;sup>15</sup>All these common man's views and proposals for further reform have been collected and collated on the basis of a large number of interviews and discussions with lawyers, and other clients, prisoners, ordinary citizens, administrators and officials, professionals and others. The author has recast them according to the scheme of the paper.

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enjoy the status similar to the office of the Comptroller and Auditor General of India. He would be appointed by the President after consultation with the Chief Justice of India, the Chairman of the Council of States and the Speaker of the House of the People. The Lokpal cannot be an MP or an MLA of any State and cannot hold any office of trust of profit (other than his office as Lokpal), or be connected with any political party, or carry on any business, or practise any profession.

The Lokpal cannot be removed from his office except by an order of the President passed after an address by each House of Parliament supported by a majority of the total membership of that House and by a majority of not less than two-thirds of the members of that House present and voting has been presented to the President in the same session for such removal on the ground of proved misbehaviour or incapacity.

The procedure for the presentation of an address and for the investigation and proof of the misbehaviour or incapacity of the Lokpal is as provided in the Judges (Inquiry) Act, 1968, in relation to the removal of a judge and, accordingly, the provisions of that Act will, subject to necessary modifications, apply in relation to the removal of the Lokpal as they apply in relation to the removal of a judge.

The President may also appoint one or more persons to be a Special Lokpal or Special Lokpals under certain circumstances and they also will hold office for five years, unless otherwise specified, but the Special Lokpal will have jurisdiction only in regard to complaints specifically mentioned in the warrant by which he is appointed.

The Lokpal has a secretary and such other officers and employees as may be prescribed to assist him in the discharge of his functions.

Primarily the Lokpal has been authorised to investigate 'misconduct' by a 'public man'. The definition of a public man is as follows:

- (i) a member (including a Deputy Minister) of the Council of Ministers for the Union;
- (ii) a member of either House of Parliament;
- (iii) the Chief Minister of a State;
- (iv) a member (including a Deputy Minister) of the Council of Ministers for a Union Territory;
- (v) a member of the Legislative Assembly for any Union Territory;
- (vi) a member of the Executive Council under the Delhi Administration Act, 1966; and
- (vii) the Mayor of a municipal corporation in any Union Territory.

A public man commits misconduct if he is actuated in the discharge of his functions, as public man, by motives of personal interest or other improper or corrupt motives; or if he abuses or attempts to abuse his position as such public man to cause harm or undue hardship to any other person; or if he directly or indirectly allows his position as such public man to be taken advantage of by any of his relatives or associates and by reason thereof such relative or associate secures any undue gain or favour to himself or to another person or causes harm or undue hardship to another person.

A complaint can be lodged by an aggrieved person, not being a public servant, to the Lokpal in prescribed form giving the particulars of the alleged misconduct. The complainant has to deposit Rs. 1000 to a prescribed authority or agency along with the complaint; but the Lokpal may exempt a complainant from this, under record.

When a person in police custody, or in jail, writes a letter to the Lokpal, it must be forwarded to him, unopened, without delay. In fact, such a letter even from an inmate of an asylum should be forwarded to the Lokpal.

The Lokpal has been prohibited from: (i) entertaining a complaint involving an allegation which is made after the expiry of five years; or (ii) conducting an investigation which is already referred to a commission of enquiry. The Lokpal may also refuse to investigate any complaint if, in his opinion: (a) the complaint is frivolous or is not made in good faith, or (b) there are insufficient grounds for continuing the investigation, or (c) other remedies are available to the complainant, and in the circumstances of the case, it would be more proper for him to avail of such remedies. However, he has to record the reasons for not entertaining a complaint and communicate them to the complainant concerned.

Further, no person will be required to furnish information, or answer to questions, which might prejudice the security, or defence, or the international relations of India; or the investigation or detection of crime. Proceedings of the cabinet of the Union Government or of the cabinet of the Government of a State or Union Territory need not also be disclosed. For this purpose, a certificate issued by a secretary to a government to this effect will be generally binding.

Clause 14 of the Bill gives the procedure to be adopted by the Lokpal in respect of his enquiries. The clause provides, *inter-alia*, for the forwarding of a copy of the complaint to the concerned competent authority and to the public man complained against, and for giving the latter an opportunity to represent his case. If, after enquiry, the Lokpal is satisfied that the complaint

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cannot be substantiated, he will close the case under information to the complainant, to the public man and to the competent authority concerned. If, on the other hand, the Lokpal feels that the complaint can be substantiated, either wholly or partly, he will communicate his findings and recommendations to the competent authority. The competent authority will examine the report and tell the Lokpal, within three months, of the action taken or proposed to be taken on the basis of his report.

If the Lokpal is satisfied with the action taken, or proposed to be taken, on the basis of his report, he will close the case under information to the complainant, to the public man and to the competent authority concerned. Where he is not so satisfied, and if he considers the case so deserves, he may make a special report to the President and also inform the complainant.

The Lokpal will present annually to the President a consolidated report on the administration of the Act. A copy of the annual report, as also of the special report, if any, will be laid before each House of Parliament.

### COMMENTS AND CRITICISM

The main features of the proposed Bill were discussed with different strata of the people, particularly, at lower levels. Most of them expressed disappointment and were dissatisfied with the provisions of the Bill. They were of the opinion that such a Lokpal<sup>16</sup> would be powerless enough to deal with any problems of the common man. Some of their main observations, comments and criticism are mentioned below.

## Circumscribed Jurisdiction

The most serious criticism of the present Bill is that allegations against civil servants will not come within the purview of the Lokpal. Only 'public men' are covered and these 'public men' have been defined. 'Misconduct' also has been defined and this definition excludes grievances, as distinct from allegations of 'misconduct', from the Lokpal's jurisdiction. Moreover, there is a wide range of activities that may go beyond his jurisdiction. The government may preclude any action from the consideration of the Lokpal on the plea that its investigation might prejudice the security or defence or international relations of the country. It may be maintained that the information demanded by the Lokpal might lead to the disclosure of proceedings of the cabinet or a committee of the cabinet. A liberal interpretation of these provisions by the government may prove harmful to the functioning of the institution.

<sup>&</sup>lt;sup>16</sup>Not taking into account the Bill as modified by the Joint Select Committee.

Colonial Legacy

The office of the Indian ombudsman has been organised on the basis of the legacy of colonial times. The new institution does not work with the spirit of a welfare or social service state. Like other law courts and administrative tribunals of the country, the Lokpal also would expect the aggrieved person himself to take the 'burden of proof'. In that case, as has happened with the Lokayukta of Rajasthan, few complainants would be able to go to the Lokpal.<sup>17</sup> It has not been accepted anywhere that proper implementation of laws is the primary responsibility of the government itself and that it should see whether and why a certain law has not been acted upon. Why should the citizens suffer for the misdeeds, acts of omissions and commissions of the public officials, and collect proofs and evidence to prove their own sufferings? On what ground should they be doubly punished? In a democratic country like India the old dictum that 'king can do no wrong' should hold no ground. On receipt of a bonafide complaint, it should be the responsibility of government machinery to find out why and how a grievance could crop up. It should also own the responsibility to redress the grievance of the person concerned.

Imposition of Unreasonable Conditions

It has been unreasonably maintained that the Lokpal would not look into the complaint if the aggrieved person has other remedies available to him. In theory and law, almost all such remedies are effective ones, and must be availed of and exhausted to the fullest extent, but they have so far proved dysfunctional-oppressive, dilatory, cumbersome and expensive to him. They have helped more the person or party complained against than the complainant. In fact, there has grown a class of persons who thrive upon the futility but the inevitability of the legal procedures and remedies. The powerful elements of society use these remedies and procedures to frustrate the efforts of small persons seeking relief and/or remedy. It is a well known fact that in India millions of illegal cases, sometimes very serious ones, are not reported or registered simply because the getting of a remedy is more painful than that of suffering an injustice. Sufferance becomes preferable to the remedy provided for. 18 The so-called rule of law including parliamentary and judicial devices to control the irresistible power of bureaucracy have not helped the man with average means.

Lack of Organisational Set-up and Sanctions

The Lokpal has no power to touch the recalcitrant bureaucracy. He

18S.L. Verma, The Board of Revenue for Rajasthan, New Delhi, S. Chand & Co., 1974,

Ch. X.

<sup>17</sup>D.R. Mehta, "Administrative Structure for the Redress of Citizen's Grievance", in Ramesh K. Arora, (ed.), Administrative Change, Jaipur, Aalekh Publishers, 1974, pp. 286-87.

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has been treated as a fifth wheel or an appendage. He does not have powers and authority to deal with cases of maladministration and corruption. His job appears to be mere investigation, accusation and publicity. The Lokpal has, no doubt, his own secretariat but would this consist of highly qualified legal and technical persons? He should have his own team of special inspectors and be authorised to make use of the special police establishment, the CID, and other agencies. In case the actiont aken by the authorities is not satisfactory, the provisions to submit a special report to the President and through him to Parliament do not appear to be effective. On the contrary, these provisons may make him irresponsible like an officer operating in the amorphous system of public administration. On account of the constitutional safeguards provided to him, he may not even be touched upon.

Lack of Faith, Apathy and Inaction

It appears that owing to fear or lack of courage, the Government of India has not displayed much earnestness in framing a Bill and setting up a real Janata man. In the present circumstances, for sustaining people's confidence in the government, such an institution is urgently needed. Despite its avowed declaration, the present government has not been able to find time to get through such a Bill. Some of the political leaders apparently do not understand nor appreciate the need of an effective Lokpal. Consequently, the lines and limits of jurisdictional areas among the Lokpal, Lokayuktas, the Central Vigilance Commission, and the Commissioner for Public Grievances have so far remained undemarcated.

#### A NEW LOKPAL

The common man in India wants a new model of Lokpal, one who does not blame others for his own failures. As such, the scope of his activities should be widened and he should be entrusted with more powers. Important personnel matters of the public servants should also be placed within his purview. These matters sometimes have an important bearing upon the cases of maladministration. Other administrative and official matters of the courts below district level should also be subjected to his observance. The Lokpal should see that citizens enjoy fundamental rights throughout the state.

In order to make the Lokpal more effective and responsible, a few provisions should be added to the Bill, such as: (i) power to deal directly with officers complained against; (ii) automatic withholding of increments of an official if during the course of investigation it is found that the official concerned has committed three times the same type of acts of maladministration, corruption etc.; (iii) in case he is not satisfied with the action taken by the government, apart from reporting it to the President, the Lokpal may be

empowered to prosecute the official concerned and realise damages, if accruing any. In such cases, he might be assisted by suitable solicitors and prosecutors of his own choice; (iv) certain funds may be put at his disposal to assist the cases of extreme poverty and provide for legal aid to the needy; and, (r) Parliament may be allowed to discuss his functioning through criticism and passing appropriate resolutions.

Looking to the needs of the federal polity of India, there should be two separate sets of Lokpal and Lokayukta for the Centre and the States.<sup>19</sup> In view of the vastness of the country and the possible number of cases, the Lokpal should be made a collegiate institution—consisting of 5 to 9 Lokpals. It may be redesignated as the 'Lokpal Commission' operating under a chairman *primus inter pares*. Both the Central Vigilance Commissioner and the present Commissioner for Public Grievances may become its member-Lokpals. It may have two semi-autonomous wings—dealing with vigilance and maladministration. All these Lokpals may deal with different aspects of the commission's functioning: administration, prosecution, vigilance, maladministration, political and financial offences, aid and damages, survey, intelligence and inspections, and research and advice.

The Lokpal under the Bill enjoys autonomy without giving any guarantee of satisfactory service to the people. In the interest of extracting better, more efficient and more satisfactory service from him it is necessary to make for the provision that he does not sleep over his autonomy and become a deadwood in the administrative jungle. At least twice a year, on the basis of the reports submitted by him, or otherwise, the performance of the Lokpal's office must be discussed and evaluated by the two Houses of Parliament or their committees. Apart from the two grounds of his removal—misbehaviour and incapacity—one more ground of 'lack of popular satisfaction' may be added to the Bill. Parliament may be permitted to pass resolutions for or against the working of the Lokpal Commission. However, adverse resolutions passed by simple majority may not necessarily result in their automatic removal or dismissal.

As the Lokpal proposed here goes into almost every aspect of administration, he is in a position to render valuable advice to various organs of the government. It can render advice to the bureaucracy to improve upon its existing forms of organisation and methods of working. In the manner of the Swedish ombudsman, the Lokpal may be permitted to advise Parliament to make laws in certain direction or specified manner. The government also may find better 'rule of law' in lieu of the implementation of the proposals and recommendations made by the Lokpal.

<sup>19</sup> For details, see, M.P. Jain, op. cit., p. 116.